

Missouri Development Finance Board

A COMPONENT UNIT OF THE STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011



MISSOURI DEVELOPMENT FINANCE BOARD

(A COMPONENT UNIT OF THE STATE OF MISSOURI)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

Prepared By
The Accounting Department:

KRYSTAL DAVIS, CPA
CONTROLLER

DAWN HOLT, CPA
SENIOR ACCOUNTANT

MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

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(A Component Unit of the State of Missouri)

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INTRODUCTORY SECTION

MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Principal Officials

BOARD MEMBERS

Ms. Marie J. Carmichael, Chair
Mr. John D. Starr, Vice Chairman
Mr. Larry D. Neff, Secretary
Mr. John E. Mehner, Treasurer
Mr. L. B. Eckelkamp, Jr.
Mr. Kelley M. Martin
Mr. Reuben A. Shelton
Mr. Patrick J. Lamping
The Honorable Peter D. Kinder, Lieutenant Governor
Mr. David D. Kerr, Director, Department of Economic Development
Dr. Jon Hagler, Director, Department of Agriculture
Ms. Sara Parker Pauley, Director, Department of Natural Resources

STAFF

Mr. Robert V. Miserez, Executive Director
Ms. Krystal Davis, CPA, Controller
Ms. Dawn Holt, CPA, Senior Accountant
Ms. Kathleen Barney, Senior Portfolio Manager
Ms. Alice Bernard-Jones, International Business Manager
Ms. Kimberly Martin, Community Development Program Manager
Mr. Ryan Vermette, Finance Specialist
Ms. Valerie Haller, Executive Assistant
Ms. Erin Carel, Administrative Assistant

BOARD COUNSEL

Mr. David Queen, Gilmore & Bell, P.C.

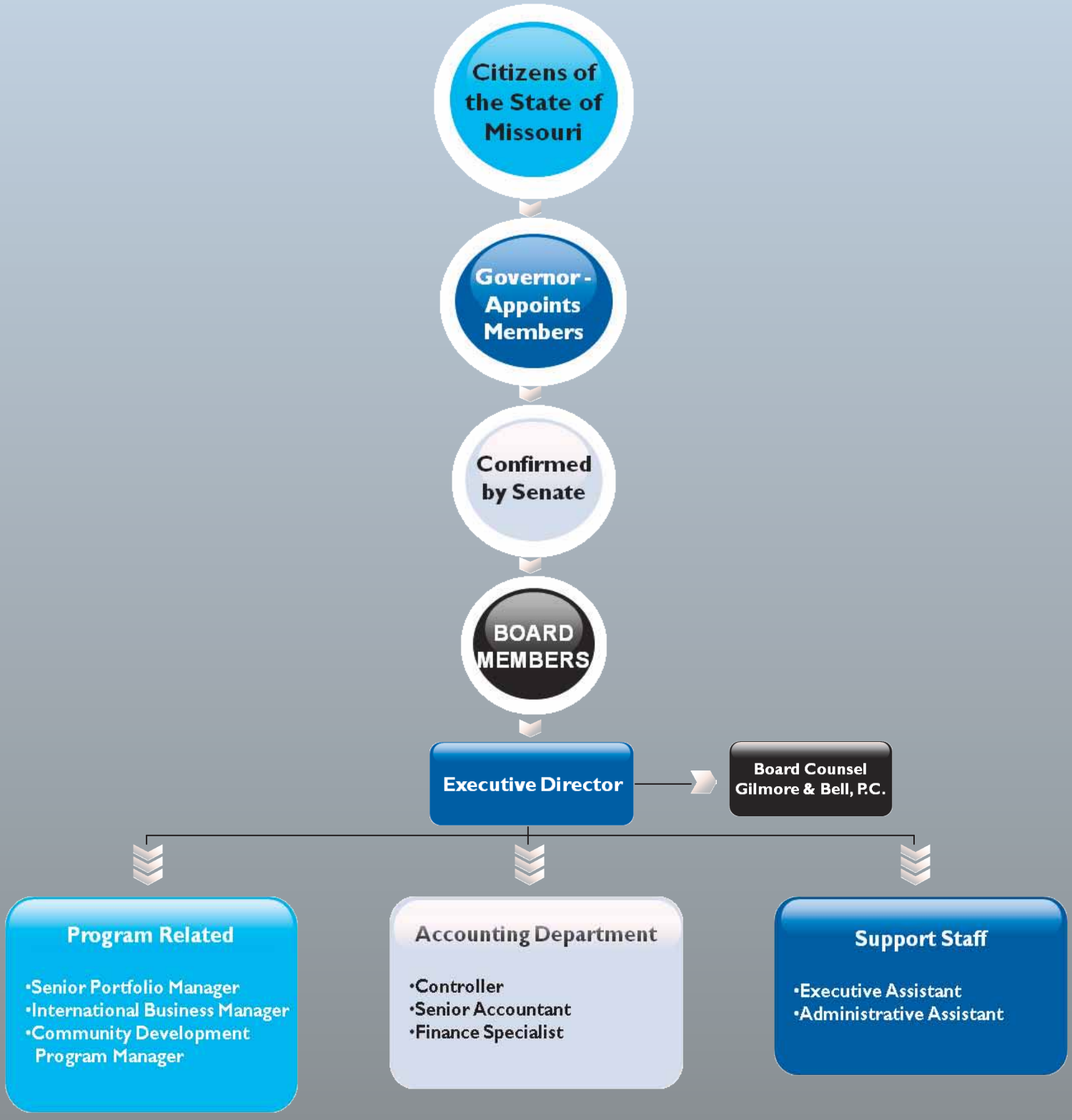
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Organizational Chart



CHAIR:
MARIE J. CARMICHAEL

MEMBERS:
JOHN D. STARR
LARRY D. NEFF
JOHN E. MEHNER
L. B. ECKELKAMP, JR.
KELLEY M. MARTIN
REUBEN A. SHELTON
PATRICK J. LAMPING

EXECUTIVE DIRECTOR:
ROBERT V. MISEREZ

Missouri Development Finance Board

EX-OFFICIO MEMBERS:
PETER D. KINDER
LIEUTENANT GOVERNOR

DAVID D. KERR
DIRECTOR,
ECONOMIC DEVELOPMEN

DR. JON HAGLER
DIRECTOR, AGRICULTURE

SARA PARKER PAULEY
DIRECTOR,
NATURAL RESOURCES

October 26, 2011

Members of the Missouri Development Finance Board:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Missouri Development Finance Board (the Board) of the State of Missouri for the fiscal year ended June 30, 2011. The Accounting Department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose, rests with the Board. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams-Keepers LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Missouri Development Finance Board's financial statements for the year ended June 30, 2011. The Independent Auditors' Report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read with it as well.

PROFILE OF THE GOVERNMENT

The Missouri Development Finance Board is a "body corporate and politic" created by the State of Missouri. Its statutory citation is the Revised Statutes of Missouri (RSMo) Sections 100.250 to 100.297 and 100.700 to 100.850. The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. The Board is classified as a proprietary fund and is a discretely presented component unit within the State of Missouri's Comprehensive Annual Financial Report.

The original development board was created by Missouri statute in 1982 as the Missouri Industrial Development Board. The current legislative authorization dates to 1993 and was the fourth major statutory change since 1982. Each of these changes resulted in increased authority and responsibility for the Board in economic development and infrastructure financing.

The Board provides a diverse array of financing programs to carry out its mission of facilitating economic and infrastructure development projects. The Board administers 13 different programs and has 2 component units that correspond to its mission to benefit the citizens of the State of Missouri. The Board's programs include:

1. Revenue Bonds for Private Commercial and Nonprofit Projects
   Pursuant to RSMo Section 100.275, the Board is authorized to issue revenue bonds for purposes permitted under RSMo Section 100.255, including the purchase, construction and improvement of facilities used for manufacturing and other commercial purposes, and for recreational and cultural facilities.

2. Revenue Bonds for Public Infrastructure Projects
   The Board also is authorized to issue its revenue bonds to finance essential infrastructure improvements and related work for local governments, state agencies and qualified public/private partnerships.

3. Tax Credit for Contribution Program
   RSMo Section 100.286.6 authorized the Tax Credit for Contribution Program. Through this program, the Board is authorized to grant tax credits equal to fifty percent of contributions made to the Board. Contributions are used to pay the costs of projects for Missouri governmental, quasi-governmental and nonprofit entities which have been approved by the Board. Per statute, during any *calendar year,* the Board can authorize no greater than $10 million. The limitation on tax credit authorization and approval provided under this subsection may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter by the Directors of the Department of Economic Development and Revenue and the Commissioner of Administration, but in no event shall authorizations exceed $25 million in a calendar year.

   In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated $500,000 in tax credits annually to help maximize the program's impact on smaller communities. In February 2008, the Board increased its commitment to this program to $1 million in tax credits annually. The Board can rescind the reservation each calendar year.

4. Tax Credit Bond Enhancement Program
   The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of public entities for certain bonds. This program uses the Board's bond tax credits as collateral.

5. Direct Loan Program
   The Direct Loan Program provides direct loans at reasonable interest rates.

6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program
   The BUILD Missouri Program authorized under RSMo Sections 100.700 to 100.850 is an incentive tool that allows the Department of Economic Development and the Board to finance a portion of the costs of qualifying capital investments for eligible businesses that seek to locate or expand in Missouri and create a significant number of new jobs. The incentives offered by BUILD are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive.

7. Quick Loan Program
   The Quick Loan Program is to provide Missouri governmental and quasi-governmental entities quick access to short-term loans at tax-exempt rates. Loans should be for a minimum of $250,000 with a maximum maturity of seven years. Loans need not be secured by any property and may be subject to annual appropriation. Borrowers must have a demonstrated history of repayment ability.

8. Missouri Infrastructure Development Loan Program (MIDOC)
   The MIDOC Program offers long-term, low-interest loans to local political subdivisions, including public water and sewer districts, to fund infrastructure improvements. Water and sewer projects addressing public health and safety receive priority. The program is structured as a revolving loan program with repayment proceeds used to provide additional loans for eligible infrastructure projects. Interest rates are 3% with a maximum loan amount of $150,000; however, if there is a critical need and with Board approval, this maximum loan amount may be exceeded.

9. Loan Guarantees
   The Board is empowered under RSMo Sections 100.250 to 100.297, as amended, to guarantee loans to credit-worthy businesses which cannot otherwise obtain credit at reasonable rates and terms in order to create or retain full-time employment.

10. City/State Partners Program

    The City/State Partners Program is a joint effort between the Ex-Im Bank and state and local entities around the country to bring Ex-Im Bank's financing services to small and medium-sized U.S. companies that are ready to export. The Board markets programs offered by the Ex-Im Bank and packages applications for these programs. The Board's relationship with the Ex-Im Bank provides Missouri companies a direct line to export financing. In addition, the Board's relationship with the U.S. Small Business Administration (SBA) and the State Treasurer's Office provides loan programs to support the production of goods and services for export.

11. Missouri Downtown Economic Stimulus Act (MODESA)

    The MODESA Program is an incentive tool that allows the Department of Economic Development and the Board to facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization.

12. Downtown Revitalization and Economic Assistance for Missouri (DREAM)

    The DREAM Initiative is a comprehensive, streamlined approach to downtown revitalization that provides a one-stop shop of technical and financial assistance for select communities to more efficiently and effectively engage in the downtown revitalization process. The DREAM Initiative is created through a partnership between the Missouri Development Finance Board, the Missouri Department of Economic Development and the Missouri Housing Development Commission.

13. Small Business Loan Program

    In January 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03. This E.O. directed DED to work with the Board "to create a pool of funds designated for low-interest direct loans for small businesses." In response, the Board established a $2 million fund. Loans are for $25,000 or less, bear interest at 3%, and can be used for capital and operational needs.

    To better utilize the program, in December 2010 the Board voted to increase the maximum loan amount to $50,000 and authorized an increase in the maximum number of employees from 5 to 15. In June 2011, the Small Business Loan Program was expanded to provide financial assistance and access to capital for businesses located in Presidentially-declared disaster areas within the State. Businesses impacted by the flooding or tornadoes of 2011 are first required to apply and be denied disaster assistance by the U.S. Small Business Administration. Once approved by the Board, these loans are permitted a choice of a 3% interest rate with a 2-year principal and interest deferral or 1% interest rate for the 10-year term of the loan. These businesses are not required to meet the number of employees requirement defined above.

14. Missouri Community Investment Corporation (MCIC)

    The MCIC is a discretely presented component unit of MDFB. The Board members of MDFB as well as five additional members serve as the Board for the MCIC. The MCIC is a non-profit organization established for the primary purpose to serve as a qualified community development entity (CDE) in connection with the New Markets Tax Credit Program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. In October 2007, MCIC received word that it would not receive an allocation of tax credits. The MCIC will be inactive until such an allocation is received.

15. Seventh Street Garage Public Parking Corporation (SSGPPC)
    The SSGPPC is a discretely presented component unit of MDFB. Three Board members of MDFB serve as members for the SSGPPC. The SSGPPC is a non-profit organization established for the primary purpose to serve as a qualified active low-income business (QALICB) located in a low-income census tract as defined in Section 45D of the Internal Revenue Code of 1986 as amended. The SSGPPC is responsible for the construction and oversight of a garage at 601 Locust Street in St. Louis, Missouri known as the Seventh Street Garage.

The Board completed fiscal year 2011 in sound financial condition. Assets were $134,219,465 and $133,618,487 at June 30, 2011 and 2010, respectively. The change in net assets for the fiscal year ended June 30, 2011 was $(3,709,377) versus $12,769,667 for fiscal year ended 2010. During fiscal year 2011, the Board not only fulfilled its mission to the State of Missouri by maintaining the Board's activities, but also rose above its mission to fill critical needs for workforce development through a grant to the Department of Economic Development.

ECONOMIC CONDITIONS

As a major manufacturing, financial, and agricultural state, Missouri's diverse economic health is closely tied to that of the nation. The economic outlook followed the national trends during fiscal year 2011. At the end of June 2011, the state unemployment rate was 8.8% compared to 9.1% at the end of June 2010. The national rate improved slightly to 9.1% at June 2011 from 9.5% at June 2010.

Over the course of the past five years, the Board has experienced decline in revenues in some of its key programs. MDFB revenues on conduit issues have continued to decline. During fiscal year 2009 the Board closed on 11 bond issues; however, in 2010 and 2011 Board issues declined to 4 and 6 issues, respectively. For several years, the Board has served as the issuer of choice for the City of Independence; however, the City has been slowing down on the issuance of debt due to the downturn in the economy.

While in 2010 there was a rebound in fees received on the Tax Credit for Contribution Program, the overall climate for this program is somewhat stagnant. Upon Board approval of a project, the program provides a 50% tax credit to donors to assist in financing public purpose projects. However, due to general economic conditions, philanthropic giving is down and projects are experiencing difficulties finding contributors. While tax credit reform has been a topic for many years in the State Legislature, the debate has gained new vitality due to the poor projections for revenue in the State of Missouri. In fall 2010, the Governor appointed a Tax Credit Review Commission to research and make recommendations to the legislature on state tax credit reform. In light of the State's economic situation, the Board has exercised an increased level of due care in processing applications. All of these factors have had an impact on projects coming to the Board for consideration under this program. Fee income from this program is projected to be stagnant through fiscal year 2014.

Revenues from the BUILD Missouri program have been steady and have seen some slight growth over prior years. This is a program the Board jointly administers with the Department of Economic Development to provide assistance for companies looking to expand facilities and thus create new jobs in the State of Missouri. With unemployment at high levels nationwide, now more than ever Missouri (and other states) is focusing attention on attracting new jobs. Retention and expansion efforts have been a key focus of the Department of Economic Development. The Board will continue to work with the Department on this program. We anticipate steady revenues from this program through fiscal year 2014.

Over the past five years, the Board's emphasis and key source of income has shifted to the parking garages. Unfortunately, this comes at a time when the parking garages also are experiencing declines in revenue. Parking garage revenues peaked in 2009 for the Board's St. Louis Convention Center Hotel Garage (SLCCHG) and the Ninth Street Garage (NSG). The SLCCHG has a lease agreement with the nearby Renaissance Grand Hotel; however, occupancy has been declining and with it use of the leased spaces. In November 2009, a Community Improvement District and a Transportation Development District were adopted to assist the hotel in paying its parking lease. The Board has begun collecting payments from the Districts. In July 2011, the Board voted to purchase a new integrated card reading system for the garage.

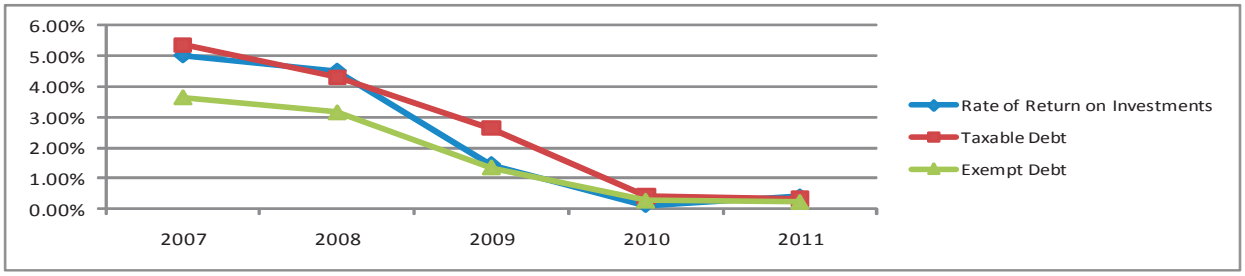
During the peak in revenues in 2007, the Board was leasing 584 spaces, at $90 per space per month for non-reserved and $105 per space per month for reserved, in the Ninth Street Garage (NSG) to the State of Missouri through the Office of Administration. Over the years, the State has decreased its spaces to 179 spaces at $70 per space per month for non-reserved and $85 per space per month for reserved. The State lease has remained stable since February 2011. The Board continues to search for parkers to fill the vacancies. Despite the loss of parkers, the NSG is considered an overwhelming success by the City and MDFB with the opening of Schnucks Culinaria, a first of its kind in St. Louis, urban grocery store. The store occupies 20,800 square feet of retail space in the NSG.

In April 2010, the Board closed on the purchase of the St. Louis Centre. The primary factor in approving the project was to resolve a serious parking shortage for major downtown employers including the U.S. Bank Tower's anchor tenant, Thompson Coburn. During fiscal year 2011 much of the Board's emphasis was focused on converting the old mall into a 750-space parking garage. The garage is substantially complete and began operations in February 2011. The Board anticipates final acceptance in fall 2011. In the meantime, the Board will continue to finalize work with the developer and the contractor to complete additional work on the garage basement as well as other remaining punch list items.

The Board is impacted by the bond markets, both in regards to its return on cash and investments; as well as to interest expense on bond debt. During the past five years, return on cash reserves have dropped drastically from an average of 5.01% during fiscal year 2007, to an all-time low of 0.12% during 2010. The rate of return in 2011 has improved slightly to 0.40%. While the Board was receiving less in interest income, it also was paying less on its outstanding debt.

The historic rates and balances for the variable rate debt have been included in the below chart and table along with the Board's historic return on parking garage cash and investments:

Fiscal Year	2007	2008	2009	2010	2011
Rate of Return on Investments	5.01%	4.51%	1.45%	0.12%	0.40%
Taxable Debt	5.36%	4.31%	2.63%	0.42%	0.33%
Exempt Debt	3.64%	3.15%	1.36%	0.27%	0.23%
Debt Outstanding	$31,850,000	$31,850,000	$30,850,000	$39,605,000	$39,350,000



When the Board borrowed the $9 million to assist in financing the Seventh Street Garage in April 2010, the Board was required to set aside a debt service reserve fund of $4.5 million, as well as maintain cash and liquid investments of $17.5 million. The $17.5 million acknowledged an existing covenant on the Ninth Street Garage to maintain cash and liquid investments of $10 million. During fiscal year 2010, the Board transferred funds from the Industrial Development and Reserve Fund to the Parking Garage Fund to better reflect the relationship of the covenant to the outstanding debt. During the upcoming fiscal year 2012, staff will assess paying down some of the Board's outstanding debt obligations.

The Board's funds available for investment have declined as well. The decline is in part attributable to grants made by the Board. During 2009 and 2010, the Board contributed $950,000 and $500,000 respectively to the Tour of Missouri Bike Race. Also during fiscal year 2010, the Board transferred $2 million out of reserves to establish the Small Business Loan Program.

In March 2011, the Board approved a $5 million grant to the Department of Economic Development Workforce Development Fund for customized training. The Customized Training Program provides assistance for new jobs and upgrading the skills of existing employees. The program is operated primarily by Missouri's community colleges and a network of area career schools. The grant will be used in addition to the State core budget appropriation of $9.5 million. The funds were transferred from the Industrial Development and Reserve Fund into the Parking Garage Fund. DED will begin to draw down the funds as needed during fiscal year 2012.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the MDFB for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This is the eleventh consecutive year the Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement Is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a twelfth consecutive certificate.

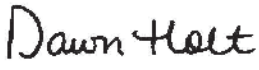
ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report could not have been accomplished without the dedicated services of all Board staff. We would like to thank the firm of Williams-Keepers LLC and their staff for their assistance in the preparation of this report; John E. Mehner for serving as Board Treasurer; and the MDFB Audit Committee, as chaired by L. B. Eckelkamp, Jr.; for their oversight and guidance.

Respectfully submitted,



Krystal Davis, CPA
Controller



Dawn Holt, CPA
Senior Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Development Finance Board

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Ste. 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Ste. E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

INDEPENDENT AUDITORS' REPORT

Members of the Missouri
Development Finance Board:

We have audited the accompanying financial statements of the business-type activities, each major fund, and the discretely presented component of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the discretely presented component unit of the Board as of June 30, 2011 and 2010, and the respective changes in its financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Williams Keepers LLC

October 26, 2011

American Institute of Certified Public Accountants
Missouri Society of Certified Public Accountants
PKF North American Network

Superior service. Creative solutions. Exceptional clients.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Missouri Development Finance Board (the Board), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of our organization for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- During fiscal year 2011, the Board's total net assets decreased by $(3,709,377). Of the total decrease in net assets, $5 million is attributable to a grant to the Department of Economic Development, Division of Workforce Development for the Customized Training Program. This was offset by operating income from the normal operations of the Board.

- During fiscal year 2011, the Board paid $255,000 in debt on the Ninth Street Garage outstanding debt.

- In February 2011, the Board's component unit, the Seventh Street Garage Public Parking Corporation, completed its conversion of the St. Louis Centre into the Seventh Street Garage and opened the garage to parkers.

- During 2011, the Board issued four BUILD bonds totaling $16,780,500. These projects pledge 1,410 new jobs with a total investment of $286 million over the next three years.

- In December 2010, the Small Business Loan Program was modified to increase the loan amount from $25,000 to $50,000 and the maximum number of employees from 5 to 15. Later in June 2011, the Small Business Loan Program was broadened again to assist communities impacted by recent flooding and tornadoes located in Presidentially-declared disaster areas in the State. As of June 2011, the Small Business Loan program has approved more than $1.4 million in loans.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. Typically, government financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

However, because the Board uses only proprietary funds which present financial statement information in the same manner as government-wide financial statements only with more detail, we present two components. The Board's basic financial statements include: 1) fund financial statements and 2) notes to the financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other discretely presented component units of the State of Missouri (as defined by GASB Statement No. 14), uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The Board's funds are considered proprietary funds.

Proprietary funds. Proprietary funds consist of two types of funds: Internal Service funds and Enterprise funds. Of the two types of proprietary funds, the Board maintains one type — Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities. Specifically, Enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Industrial Development and Reserve Fund, the Parking Garage Fund, and the Infrastructure Development (Revolving Loan) Fund, as well as the Seventh Street Garage Public Parking Corporation, a component unit of the Board. All funds are considered to be major funds.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS

MDFB

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by $83,993,513 at the close of fiscal year 2011, by $87,702,890 at the close of fiscal year 2010, and by $74,933,223 at the close of fiscal year 2009.

The following summarizes the composition of the Board's net assets as of June 30:

	2011		2010		2009	
	$	%	$	%	$	%
Investment in capital assets, net of related debt	$ 16,966,799	20.20%	$ 17,921,381	20.44%	$ 20,069,761	26.78%
Restricted	24,971,973	29.73%	24,471,184	27.90%	7,410,706	9.89%
Unrestricted	42,054,741	50.07%	45,310,325	51.66%	47,452,756	63.33%
Total net assets	$ 83,993,513	100.00%	$ 87,702,890	100.00%	$ 74,933,223	100.00%

Unrestricted net assets may be used to meet the Board's ongoing obligations to citizens and creditors. They include non-liquid assets such as loans and notes receivable and funds set aside for intended purposes such as a revolving loan fund, grant or funds set aside for future obligations, as well as more liquid cash and investments. Of the $42 million reflected as unrestricted net assets, only $11.8 million is unencumbered cash and investments. Restricted net assets are externally restricted for specific purposes by creditors, grantors, or laws and may not be used for anything else. Investment in capital assets reflects the Board's investment in capital assets (parking garages, leasehold improvements, equipment) less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide services to the citizens of Missouri; consequently, these net assets are not available for future spending. In addition, the resources needed to repay related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate this debt.

There was no material change in restricted net assets from fiscal year 2010 to 2011. Restricted net assets increased $17,060,478 (230%) from 2009 to 2010. The increase is the result of the Board reclassifying funds in order to meet additional debt covenants related to the issuance of $9 million in debt; as well as maintain previous covenants.

The decrease in net assets for fiscal year 2011 is primarily attributable to the $5 million grant approved for the DED Workforce Development Customized Training Program. The increase in net assets for fiscal year 2010 was largely due to the contributed revenue of $10 million from U.S. Bank to assist in financing the Seventh Street Garage.

The following summarizes the changes in net assets for the years ended June 30:

	2011		2010		2009	
	$	%	$	%	$	%
Operating income (loss)	$ 1,906,071	-51.39%	$ 3,009,201	23.57%	$ 7,071,301	123.52%
Non-operating revenue (expense)	(5,615,448)	151.39%	(239,534)	-1.88%	(1,346,300)	-23.52%
Contributed revenue	-	0.00%	10,000,000	78.31%	-	0.00%
Change in net assets	$ (3,709,377)	100.00%	$ 12,769,667	100.00%	$ 5,725,001	100.00%

From 2010 to 2011, operating income is down $1,103,130 (37%). This decrease is due to a combination of significantly lower participation fees which was partially offset by an increase in interest on loans and notes receivable and a decrease in certain operating expenses. Non-operating revenue (expense) reflects the $5 million grant to Division of Workforce Development discussed previously.

In comparison from 2009 to 2010, operating income is down $4,062,100 (57%). The decrease was largely due to the $6,225,485 adjustment to the allowance for loan losses in 2009. Although total operating income decreased, Tax Credit for Contribution and BUILD participation fees were up from the previous year. The total change in net assets increased $7,044,666 (123%) due to the $10 million in contributed revenue discussed in Note 13.

SSGPPC

As part of the Seventh Street Garage (SSG) redevelopment project, MDFB created a 501(c)(3) corporation known as the Seventh Street Garage Public Parking Corporation (SSGPPC) in fiscal year 2010 to facilitate funding of the project through the use of Federal New Markets Tax Credits (NMTC). The SSGPPC is qualified as a "qualified active low-income community business" (QALICB) as required by NMTCs. MDFB is the sole member of the SSGPPC and effectively controls it. The SSGPPC is reflected as a discretely presented component unit in MDFB's financial statements.

SSGPPC leased the parking garage portion of the building from MDFB to develop an operational garage with 750 spaces; SSGPPC owns the leasehold improvements and operates the garage. The lease is treated as a capital lease for accounting purposes. In order to fund the garage development costs, SSGPPC borrowed funds as noted below. SSGPPC hired MXG Developer, LLC to develop and construct the garage project (design, development, and construction) and St. Louis Parking Company to manage the garage upon completion in fiscal year 2011.

MDFB and SSGPPC signed an administrative services agreement whereby MDFB provides services to SSGPPC for an annual amount of $30,000. This amount is reviewed on an annual basis to determine if it remains reasonable. Services include basic financial record keeping and management services. In addition, SSGPPC is required to pay excess cash, as defined by the bylaws, to MDFB on a monthly basis. For 2011, the amount paid totaled $11,837.

In order to facilitate indirect financing to SSGPPC, MDFB issued $9 million in bonds that were purchased by Pulaski Bank with UMB Bank as bond trustee and contributed $5 million from its own resources. U.S. Bank contributed $10 million to MDFB via the Tax Credit for Contribution Program. MDFB loaned the above $24 million to St. Louis Centre Garage Investment Fund, LLC (SLCGIF). This entity was set up as a flow through entity for the project in compliance with the NMTC regulations. U.S. Bancorp Community Development Corporation (USBCDC) is the sole member of SLCGIF. SLCGIF is not related to MDFB or SSGPPC and thus is not recorded on MDFB's financial statements. SLCGIF, in turn, made qualified equity investments totaling $29,840,934 to three community development entities (CDEs). The CDEs then loaned $29,840,934 to SSGPPC. The CDEs are not controlled by MDFB and not recorded in its financial statements. This flow through structure of funds was required for compliance with NMTC regulations.

The proceeds from the CDE lenders were used to finance construction and equipping of the garage project as well as the shell for the retail space. The garage was substantially completed and placed into operation during fiscal year 2011.

Further detailed information related to the Board's net assets and changes in net assets are included on the following pages.

MISSOURI DEVELOPMENT FINANCE BOARD NET ASSETS

Business-Type Activities

	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Totals	Totals	Totals
	2011	2011	2011	2010	2010	2010	2009	2009	2009	2011	2010	2009
Current and other assets	$22,236,472	$35,156,134	$ 1,910,376	$26,046,382	$29,658,569	$ 2,205,729	$46,063,183	$ 5,388,836	$ 3,505,095	$59,302,982	$57,910,680	$54,957,114
Restricted assets	6,033,349	18,875,000	2,691,335	6,413,850	18,330,204	2,437,372	9,130,167	1,301,632	1,103,979	27,599,684	27,181,426	11,535,778
Capital assets	41,628	47,275,171	-	58,780	48,467,601	-	1,269,734	49,650,027	-	47,316,799	48,526,381	50,919,761
Total assets	28,311,449	101,306,305	4,601,711	32,519,012	96,456,374	4,643,101	56,463,084	56,340,495	4,609,074	134,219,465	133,618,487	117,412,653
Current liabilities	261,262	5,309,901	4,738	370,205	336,691	2,121	2,851,080	1,388,183	-	5,575,901	709,017	4,239,263
Total noncurrent liabilities	4,533,349	40,116,702	-	4,913,850	40,292,730	-	7,630,167	30,610,000	-	44,650,051	45,206,580	38,240,167
Total liabilities	4,794,611	45,426,603	4,738	5,284,055	40,629,421	2,121	10,481,247	31,998,183	-	50,225,952	45,915,597	42,479,430
Net Assets:												
Invested in capital assets, net of related debt	41,628	16,925,171	-	58,780	17,862,601	-	1,269,734	18,800,027	-	16,966,799	17,921,381	20,069,761
Restricted	1,500,000	18,875,000	4,596,973	1,500,000	18,330,204	4,640,980	1,500,000	1,301,632	4,609,074	24,971,973	24,471,184	7,410,706
Unrestricted	21,975,210	20,079,531	-	25,676,177	19,634,148	-	43,212,103	4,240,653	-	42,054,741	45,310,325	47,452,756
Total net assets	$23,516,838	$55,879,702	$ 4,596,973	$27,234,957	$55,826,953	$ 4,640,980	$45,981,837	$24,342,312	$ 4,609,074	$83,993,513	$87,702,890	$74,933,223

MISSOURI DEVELOPMENT FINANCE BOARD CHANGE IN NET ASSETS

Business-Type Activities

	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Industrial Development & Reserve Fund (IDRF)	Parking Garage Fund (PGF)	Revolving Loan Fund (RLF)	Totals	Totals	Totals
	2011	2011	2011	2010	2010	2010	2009	2009	2009	2011	2010	2009
Revenues:												
Participation fees	$ 2,020,427	$ -	$ -	$ 3,875,029	$ -	$ -	$ 2,475,963	$ -	$ -	$ 2,020,427	$ 3,875,029	$ 2,475,963
Interest on loans & notes	511,541	349,758	70,916	134,448	94,242	60,845	112,392	-	48,445	932,215	289,535	160,837
Rental income	-	202,029	-	3,025	166,770	-	25,008	-	-	202,029	169,795	25,008
Contractual income	70,000	-	-	69,782	-	-	77,210	-	-	70,000	69,782	77,210
Administrative services revenue	-	30,000	-	-	30,000	-	-	-	-	30,000	30,000	-
Parking garage revenue	-	2,579,817	-	-	2,599,226	-	-	3,080,901	-	2,579,817	2,599,226	3,080,901
DREAM revenue	826,170	-	-	924,639	-	-	873,330	-	-	826,170	924,639	873,330
Other income	208,585	-	1,414	201,899	-	2,604	43,362	-	-	209,999	204,503	43,362
Non-operating revenues:												
Interest on cash & investments	129,461	78,605	2,502	292,588	7,043	7,000	1,078,514	45,969	7,309	210,568	306,631	1,131,792
Contribution from SSGPPC	-	11,837	-	-	-	-	-	-	-	11,837	-	-
Total revenues	3,766,184	3,252,046	74,832	5,501,410	2,897,281	70,449	4,685,779	3,126,870	55,754	7,093,062	8,469,140	7,868,403
Expenses:												
Personnel services	863,310	-	-	809,289	-	-	786,596	-	-	863,310	809,289	786,596
Professional fees	136,991	142,103	7,144	158,719	2,339	22,427	396,713	93,455	-	286,238	183,485	490,168
Depreciation & amortization	18,339	1,200,831	-	34,740	1,198,341	-	85,435	1,194,208	-	1,219,170	1,233,081	1,279,643
Parking garage operating	-	1,013,434	-	-	1,020,824	-	-	1,032,951	-	1,013,434	1,020,824	1,032,951
DREAM Expense	1,272,301	-	-	1,663,518	-	-	1,856,262	-	-	1,272,301	1,663,518	1,856,262
Other expenses	193,362	5,076	111,695	219,974	7,021	16,116	250,998	3,096	80,001	310,133	243,111	334,095
Non-operating expenses:												
Bond expense and interest expense	-	837,853	-	-	510,815	-	-	878,092	-	837,853	510,815	878,092
Research and development	-	-	-	-	35,350	-	-	-	-	-	35,350	-
Contributions to others	-	5,000,000	-	-	-	-	500,000	1,100,000	-	5,000,000	-	1,600,000
Total Expenses	2,484,303	8,199,297	118,839	2,886,240	2,774,690	38,543	3,876,004	4,301,802	80,001	10,802,439	5,699,473	8,257,807
Adjustment to Allowance for Notes Receivable	-	-	-	-	-	-	6,114,405	-	-	-	-	6,114,405
Income (loss) before interfund	1,281,881	(4,947,251)	(44,007)	2,615,170	122,591	31,906	6,924,180	(1,174,932)	(24,247)	(3,709,377)	2,769,667	5,725,001
Contributed revenue	-	-	-	-	10,000,000	-	-	-	-	-	10,000,000	-
Interfund transfers	(5,000,000)	5,000,000	-	(21,362,050)	21,362,050	-	(2,342,764)	342,764	2,000,000	-	-	-
Change in net assets	(3,718,119)	52,749	(44,007)	(18,746,880)	31,484,641	31,906	4,581,416	(832,168)	1,975,753	(3,709,377)	12,769,667	5,725,001
Net assets, beginning of year	27,234,957	55,826,953	4,640,980	45,981,837	24,342,312	4,609,074	41,400,421	25,174,480	2,633,321	87,702,890	74,933,223	69,208,222
Net assets, end of year	$ 23,516,838	$ 55,879,702	$ 4,596,973	$ 27,234,957	$ 55,826,953	$ 4,640,980	$ 45,981,837	$ 24,342,312	$ 4,609,074	$ 83,993,513	$ 87,702,890	$ 74,933,223

- Participation fees decreased $1,854,602 (48%) in the current fiscal year. The decrease is due to lower fee revenue on all the Board's programs, but the most significant decline in fees was in the tax credit for contribution fees. Participation fees increased $1,399,066 (57%) in fiscal year 2010. The increase is due to higher tax credit for contribution and BUILD participation fees offset by a reduced volume of bond issuances.

- Interest on loans and notes receivable increased by $642,680 (222%) in the current fiscal year. Two factors contributed to the increase. The first factor was the receipt of an additional ½% interest on the outstanding $12,723,704 loan on the OPO. This additional ½% became due after the OPO met certain operational and cash reserve thresholds. The second factor was the receipt of interest on the $24 million loan to the St. Louis Centre Garage Investment Fund, LLC (SLCGIF) and the $5 million loan to the LCRA that were outstanding for the entire fiscal year. During fiscal year 2010, the interest on loans and notes receivable increased by $128,698 (80%) due to new loans funded, including the new loan to provide financing for the Seventh Street Garage, a loan to the LCRA, as well as loans extended through the Small Business Loan Program. See Notes 4 and 16 (i).

- Parking garage income is down $19,409 (1%). The nominal variance is due to normal fluctuations in transient and special events parking. Revenue from the Seventh Street Garage, which became operational during fiscal year 2011, is reported separately under the Seventh Street Garage Public Parking Corporation and does not reflect the increase in revenues from this garage. Parking garage income for fiscal year 2010 was down $481,675 (15.63%) due to reductions in the number of the month-to-month parking spaces with the State of Missouri's Office of Administration.

- Contribution from SSGPPC for fiscal year 2011 totals $11,837; which consists of distributions from Seventh Street Garage Public Parking Corporation (SSGPPC) to its sole member, MDFB. There was no contribution from SSGPPC revenue in fiscal year 2010.

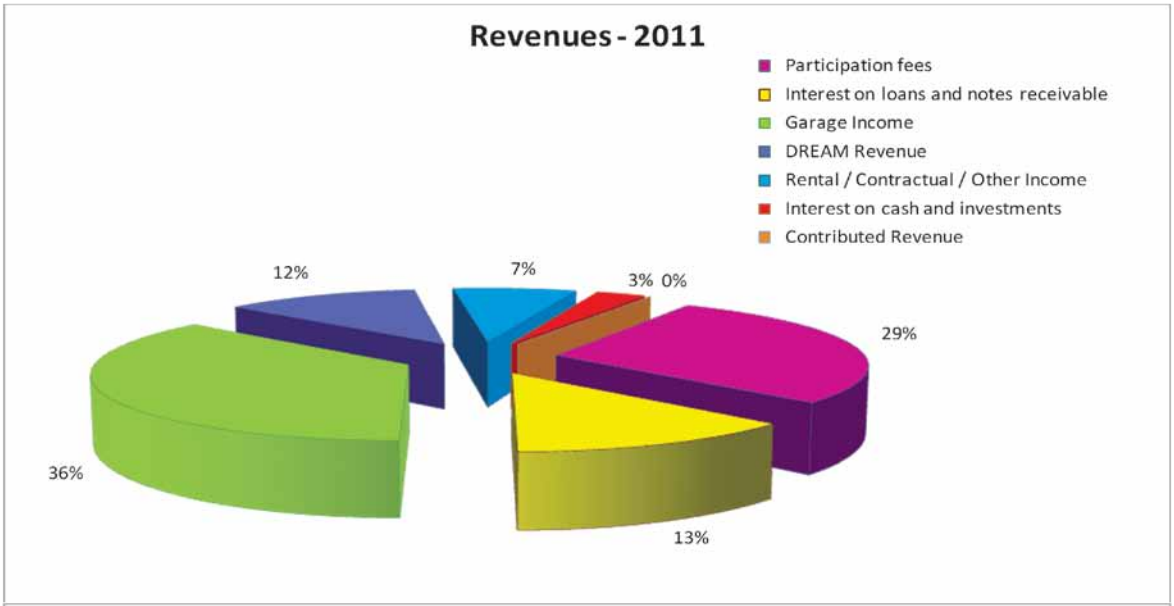
- Contributed revenue for fiscal year 2010 was $10 million due to the U.S. Bank contribution for the Seventh Street Garage project. There was no contributed revenue received in fiscal year 2011.

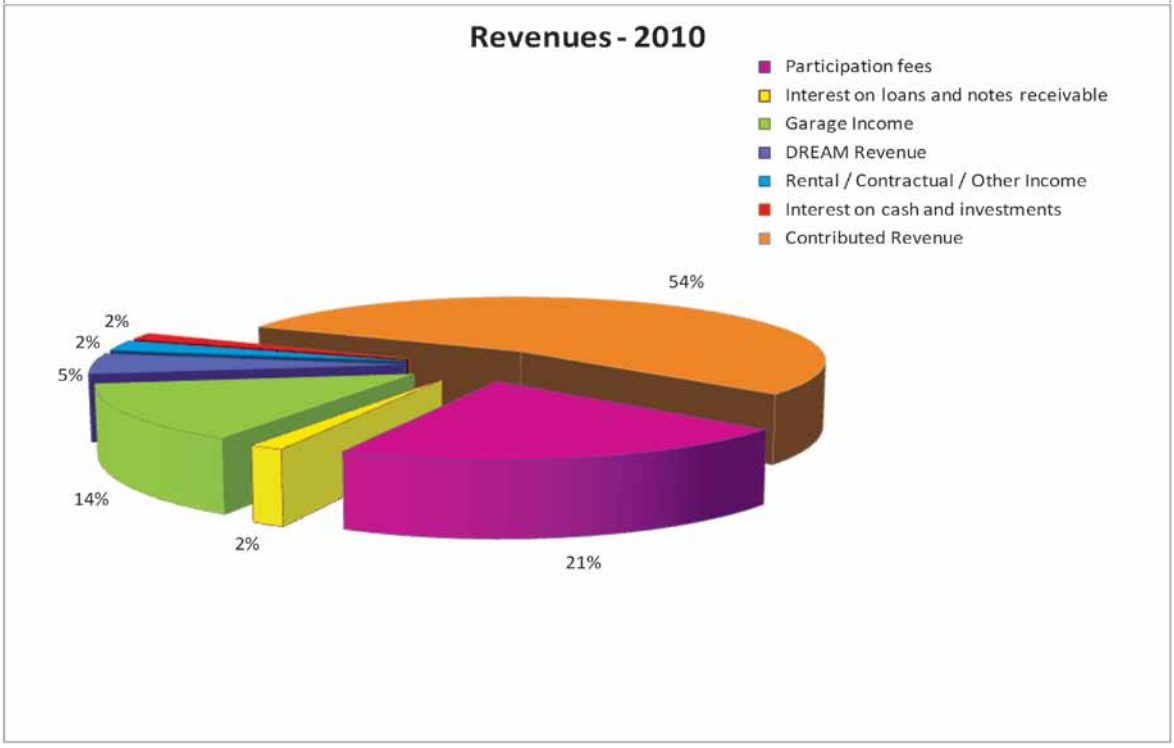
- Interest income on cash and investments decreased $96,063 (31%) and $825,161 (72.91%) for the fiscal years 2011 and 2010, respectively. The decrease in 2011 and 2010 is due to economic downturn, which drove interest rates down, as well as smaller balances on-hand for tax credit projects. For fiscal years 2011 and 2010 the Board's rate of return on investments was approximately 1.47% and 0.98%, respectively.

- There was one interfund transfer during fiscal year 2011. The Board transferred $5 million from the Industrial Development & Reserve Fund (IDRF) to the Parking Garage Fund (PGF) to cover the grant to DED Workforce Development for customized training. During 2010, there were several interfund transfers, totaling $21,362,050, from the Industrial Development & Reserve Fund (IDRF) to the Parking Garage Fund (PGF). The Board transferred the $5 million LCRA loan to the PGF due to its relationship to the Seventh Street Garage (SSG) Project. The Board transferred an additional $5 million in cash to be further loaned to cover SSG construction costs as well as $4.5 million in cash to establish a debt service reserve fund. An additional $6.862 million in investments were transferred to meet additional debt reserve requirements in relationship to the bonds that were purchased by Pulaski Bank.

- In fiscal year 2011, operating expenses decreased $188,722 (3%). The primary reason for the decrease is lower DREAM expenses down $391,217 (24%) than in the prior year. DREAM expenses are anticipated to rebound during the next fiscal year. This was offset by higher personnel expense $54,021 (7%) due to more personnel reaching the eligibility requirements for additional benefits, and professional fees $102,753 (56%) which were up due to oversight on the Seventh Street Garage project.

- In fiscal year 2010, operating expenses decreased $626,407 (196.74%). The decrease was due to reduced professional fees of $306,683 (62.57%) due to approval of fewer Tax Credit for Contribution projects than in previous years, decreased DREAM expenses of $192,744 (10.38%) due to timing differences to close out funding for some communities, and a decrease in other expenses of $90,984 (27.23%).





CAPITAL ASSETS

MDFB

The Board's investment in capital assets for its business type activities as of June 30, 2011 is $47,316,799, net of depreciation. This is a decrease of $1,209,582 from fiscal year 2010. The Board's investment in capital assets for its business type activities as of June 30, 2010 was $48,526,382, net of depreciation. This is a decrease of $2,393,379 from fiscal year 2009. This investment in capital assets includes land, buildings, and equipment. The change in the Board's investment in capital assets for fiscal years 2011 and 2010 was (2.5%) and (4.7%), respectively.

There were no major capital asset acquisitions or disposals during fiscal year 2011. The reduction of capital assets during 2010 is due to the sale of the United Way building in downtown Kansas City.

Additional information on the Board's capital assets can be found in Note 6 to the financial statements.

Missouri Development Finance Board's Capital Assets
(net of depreciation)

	2011	2010	2009
Land	$ 7,219,739	$ 7,219,739	$ 7,219,739
Building	40,040,870	41,227,094	43,613,311
Equipment	25,001	36,875	45,386
Leasehold improvements	19,868	25,537	31,205
Vehicle	-	3,729	10,120
Accounting software	11,321	13,408	-
Total	$47,316,799	$48,526,382	$50,919,761

SSGPPC

As discussed, the Board created the SSGPPC in fiscal year 2010 with the primary purpose of obtaining financing to construct and subsequently operate a 750-space parking garage to be located at 601 Locust Street in St. Louis, Missouri. During fiscal year 2011, the SSGPPC substantially completed the Seventh Street Garage. As such, the SSGPPC capitalized an additional $16,332,952 of value to the garage and $24,979 in equipment. Upon opening the garage to parkers in February, the SSGPPC began to record depreciation expense. Depreciation expense for the garage and its equipment for fiscal year 2011 were $275,558 and $2,451, respectively. During fiscal year 2010, SSGPPC incurred costs of $11,990,526 for the upfront capital lease payment and construction costs towards the leasehold improvements thus increasing the reporting entity's overall investment in capital assets. See Note 15 for details of lease payment.

SSGPPC's Capital Assets
(net of depreciation)

	2011	2010
Leasehold Asset	$28,047,920	$ -
Construction in progress	-	11,990,526
Equipment	14,214	-
Software	8,314	-
Total	$28,070,448	$11,990,526

LONG-TERM DEBT

MDFB

For the fiscal year ended 2011, the Board's total bond debt outstanding was $39,350,000. During fiscal year 2011, a scheduled $255,000 redemption was paid. For the fiscal year ended 2010, the Board's total bond debt outstanding was $39,605,000. During fiscal year 2010, a $9,000,000 bond was issued and $245,000 was paid on an existing bond issuance. As discussed above, the $9,000,000 in bond funds were used along with other funds available to extend indirect financing to the SSGPPC.

None of this amount comprises debt backed by the full faith and credit of the State of Missouri.

Missouri Development Finance Board's Outstanding Debt

	2011	2010	2009
Outstanding bond debt	$39,350,000	$39,605,000	$30,850,000

Additional information on the Board's bond debt can be found in Note 9 to the financial statements.

SSGPPC

During fiscal year 2010, SSGPPC acquired financing from three unrelated CDEs in the amount of $29,840,934. These notes are secured by leasehold deeds of trust, security agreements, assignments of rents and leases, and fixture filings between SSGPPC as grantor and the CDEs as grantees. The notes bear interest at 0.92% annually with final maturity on December 31, 2040. See Note 9 for repayment schedule.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Missouri Development Finance Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Missouri Development Finance Board, Controller, P. O. Box 567, 200 Madison Street, Suite 1000, Jefferson City, Missouri 65102.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
ASSETS					
Current assets:					
Cash	$ 7,529,965	$ 5,523,279	$ -	$ 13,053,244	$ 675,642
Investments	4,388,483	-	-	4,388,483	-
Current portion of loans and notes receivable	48,590	25,676	210,704	284,970	-
Accrued interest on investments	36,746	16,885	-	53,631	-
Accrued interest on loans and notes receivable	10,750	19,976	28,103	58,829	-
Prepaid expense and other assets	46,989	313,023	-	360,012	950,678
Total current assets	12,061,523	5,898,839	238,807	18,199,169	1,626,320
Noncurrent assets:					
Restricted assets	6,033,349	18,875,000	2,691,335	27,599,684	2,896,897
Long-term portion of loans and notes receivable	10,174,949	28,945,805	1,671,569	40,792,323	-
Capital assets:					
Assets not being depreciated	-	7,219,739	-	7,219,739	-
Assets being depreciated, net	41,628	40,055,432	-	40,097,060	28,070,448
Other assets	-	311,490	-	311,490	-
Total noncurrent assets	16,249,926	95,407,466	4,362,904	116,020,296	30,967,345
Total assets	$ 28,311,449	$ 101,306,305	$ 4,601,711	$ 134,219,465	$ 32,593,665
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 261,262	$ 5,003,187	$ 4,738	$ 5,269,187	$ 1,872,388
Accrued bond interest payable	-	36,714	-	36,714	40,074
Current portion of long-term debt payable	-	270,000	-	270,000	-
Total current liabilities	261,262	5,309,901	4,738	5,575,901	1,912,462
Noncurrent liabilities:					
Long-term debt	-	39,080,000	-	39,080,000	29,840,934
Deferred revenue	-	1,036,702	-	1,036,702	1,013,816
Payable from restricted assets:					
Tax credit for contribution deposits	4,533,349	-	-	4,533,349	-
Total noncurrent liabilities	4,533,349	40,116,702	-	44,650,051	30,854,750
Total liabilities	4,794,611	45,426,603	4,738	50,225,952	32,767,212
NET ASSETS					
Invested in capital assets, net of related debt	41,628	16,925,171	-	16,966,799	(1,770,486)
Restricted	1,500,000	18,875,000	4,596,973	24,971,973	2,896,897
Unrestricted	21,975,210	20,079,531	-	42,054,741	(1,299,958)
Total net assets	23,516,838	55,879,702	4,596,973	83,993,513	(173,547)
Total liabilities and net assets	$ 28,311,449	$ 101,306,305	$ 4,601,711	$ 134,219,465	$ 32,593,665

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
ASSETS					
Current assets:					
Cash	$ 7,428,658	$ -	$ -	$ 7,428,658	$ -
Investments	8,276,541	-	-	8,276,541	-
Current portion of loans and notes receivable	51,936	-	247,682	299,618	-
Accrued interest on investments	19,423	26,633	-	46,056	-
Accrued interest on loans and notes receivable	-	22,126	23,658	45,784	-
Prepaid expense and other assets	41,493	345,413	-	386,906	942,730
Total current assets	15,818,051	394,172	271,340	16,483,563	942,730
Noncurrent assets:					
Restricted assets	6,413,850	18,330,204	2,437,372	27,181,426	20,795,906
Long-term portion of loans and notes receivable	10,228,331	29,000,000	1,934,389	41,162,720	-
Capital assets:					
Assets not being depreciated	-	7,219,739	-	7,219,739	11,990,526
Assets being depreciated, net	58,780	41,247,862	-	41,306,642	-
Other assets	-	264,397	-	264,397	-
Total noncurrent assets	16,700,961	96,062,202	4,371,761	117,134,924	32,786,432
Total assets	$ 32,519,012	$ 96,456,374	$ 4,643,101	$ 133,618,487	$ 33,729,162
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 370,205	$ 41,472	$ 2,121	$ 413,798	$ 2,938,656
Accrued bond interest payable	-	40,219	-	40,219	22,878
Current portion of long-term debt payable	-	255,000	-	255,000	-
Total current liabilities	370,205	336,691	2,121	709,017	2,961,534
Noncurrent liabilities:					
Long-term debt	-	39,350,000	-	39,350,000	29,840,934
Deferred revenue	-	942,730	-	942,730	1,000,000
Payable from restricted assets:					
Tax credit for contribution deposits	4,913,850	-	-	4,913,850	-
Total noncurrent liabilities	4,913,850	40,292,730	-	45,206,580	30,840,934
Total liabilities	5,284,055	40,629,421	2,121	45,915,597	33,802,468
NET ASSETS					
Invested in capital assets, net of related debt	58,780	17,862,601	-	17,921,381	(17,850,408)
Restricted	1,500,000	18,330,204	4,640,980	24,471,184	20,795,906
Unrestricted	25,676,177	19,634,148	-	45,310,325	(3,018,804)
Total net assets	27,234,957	55,826,953	4,640,980	87,702,890	(73,306)
Total liabilities and net assets	$ 32,519,012	$ 96,456,374	$ 4,643,101	$ 133,618,487	$ 33,729,162

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2011

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
OPERATING REVENUES:					
Participation fees	$ 2,020,427	$ -	$ -	$ 2,020,427	$ -
Interest income on loans and notes receivable	511,541	349,758	70,916	932,215	-
Rental income	-	202,029	-	202,029	13,889
Contractual income	70,000	-	-	70,000	-
DREAM revenue	826,170	-	-	826,170	-
Other income	208,585	-	1,414	209,999	-
Administrative services revenue	-	30,000	-	30,000	-
Parking garage revenues	-	2,579,817	-	2,579,817	526,669
Total operating revenues	3,636,723	3,161,604	72,330	6,870,657	540,558
OPERATING EXPENSES:					
Personnel services	863,310	-	-	863,310	-
Professional fees	136,991	142,103	7,144	286,238	5,588
Administrative services agreement	-	-	-	-	30,000
Travel	47,398	50	-	47,448	-
Supplies and other	117,507	405	682	118,594	-
Depreciation and amortization	18,339	1,200,831	-	1,219,170	278,009
Parking garage operating expenses	-	1,013,434	-	1,013,434	161,382
DREAM expense	1,272,301	-	-	1,272,301	-
Bad debt expense	-	-	111,013	111,013	-
Miscellaneous	28,457	4,621	-	33,078	375
Total operating expenses	2,484,303	2,361,444	118,839	4,964,586	475,354
Operating income (loss)	1,152,420	800,160	(46,509)	1,906,071	65,204
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	129,461	78,605	2,502	210,568	14,024
Bond interest expense	-	(480,799)	-	(480,799)	(114,391)
Bond expense	-	(357,054)	-	(357,054)	(53,241)
Contributions to others	-	(5,000,000)	-	(5,000,000)	(11,837)
Contribution from SSGPPC	-	11,837	-	11,837	-
Total non-operating revenue (expense)	129,461	(5,747,411)	2,502	(5,615,448)	(165,445)
Income (loss) before interfund transfers	1,281,881	(4,947,251)	(44,007)	(3,709,377)	(100,241)
INTERFUND TRANSFERS	(5,000,000)	5,000,000	-	-	-
Change in net assets	(3,718,119)	52,749	(44,007)	(3,709,377)	(100,241)
Total net assets - beginning	27,234,957	55,826,953	4,640,980	87,702,890	(73,306)
Total net assets - ending	$ 23,516,838	$ 55,879,702	$ 4,596,973	$ 83,993,513	$ (173,547)

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2010

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
OPERATING REVENUES:					
Participation fees	$ 3,875,029	$ -	$ -	$ 3,875,029	$ -
Interest income on loans and notes receivable	134,448	94,242	60,845	289,535	-
Rental income	3,025	166,770	-	169,795	-
Contractual income	69,782	-	-	69,782	-
DREAM revenue	924,639	-	-	924,639	-
Other income	201,899	-	2,604	204,503	-
Administrative services revenue	-	30,000	-	30,000	-
Parking garage revenues	-	2,599,226	-	2,599,226	-
Total operating revenues	5,208,822	2,890,238	63,449	8,162,509	-
OPERATING EXPENSES:					
Personnel services	809,289	-	-	809,289	-
Professional fees	158,719	2,339	22,427	183,485	50,000
Administrative services agreement	-	-	-	-	30,000
Travel	58,387	950	-	59,337	-
Supplies and other	113,590	497	2,065	116,152	-
Depreciation and amortization	34,740	1,198,341	-	1,233,081	-
Parking garage operating expenses	-	1,020,824	-	1,020,824	-
DREAM expense	1,663,518	-	-	1,663,518	-
Miscellaneous	47,997	5,574	14,051	67,622	20
Total operating expenses	2,886,240	2,228,525	38,543	5,153,308	80,020
Operating income (loss)	2,322,582	661,713	24,906	3,009,201	(80,020)
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	292,588	7,043	7,000	306,631	6,714
Bond interest expense	-	(157,074)	-	(157,074)	-
Bond expense	-	(353,741)	-	(353,741)	-
Contributions to others	-	(35,350)	-	(35,350)	-
Total non-operating revenue (expense)	292,588	(539,122)	7,000	(239,534)	6,714
Income (loss) before contributed revenue and interfund transfers	2,615,170	122,591	31,906	2,769,667	(73,306)
CONTRIBUTED REVENUE	-	10,000,000	-	10,000,000	-
INTERFUND TRANSFERS	(21,362,050)	21,362,050	-	-	-
Change in net assets	(18,746,880)	31,484,641	31,906	12,769,667	(73,306)
Total net assets - beginning	45,981,837	24,342,312	4,609,074	74,933,223	-
Total net assets - ending	$ 27,234,957	$ 55,826,953	$ 4,640,980	$ 87,702,890	$ (73,306)

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 2,215,389	$ 3,259,347	$ 178,918	$ 5,653,654	$ 540,558
Receipts for tax credit projects	30,797,818	-	-	30,797,818	-
Payments to suppliers and lessors	(1,719,539)	(1,223,605)	(116,222)	(3,059,366)	(1,240,550)
Payments to tax credit projects	(29,950,681)	-	-	(29,950,681)	-
Payments to employees	(863,310)	-	-	(863,310)	-
Net cash provided (used) by operating activities	479,677	2,035,742	62,696	2,578,115	(699,992)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers	(5,000,000)	5,000,000	-	-	-
Contributions to others	-	-	-	-	(11,837)
Contribution from SSGPPC	-	11,837	-	11,837	-
Net cash provided (used) by noncapital financing activities	(5,000,000)	5,011,837	-	11,837	(11,837)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Long-term debt principal paid	-	(255,000)	-	(255,000)	-
Long-term debt expense and interest paid	-	(837,853)	-	(837,853)	(167,632)
Acquisition of buildings and equipment	(1,184)	(1,900)	-	(3,084)	(16,357,932)
Net cash provided by capital and related financing activities	(1,184)	(1,094,753)	-	(1,095,937)	(16,525,564)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(14,053,074)	(12,934,968)	-	(26,988,042)	-
Maturities of investments	18,880,882	8,006,421	-	26,887,303	-
Interest on cash and investments	146,847	86,731	2,502	236,080	14,026
Disbursement of loan proceeds	-	-	(139,588)	(139,588)	-
Receipt of loan payments	263,809	28,519	328,353	620,681	-
Net cash provided (used) by investing activities	5,238,464	(4,813,297)	191,267	616,434	14,026
Net increase (decrease) in cash and cash equivalents	716,957	1,139,529	253,963	2,110,449	(17,223,367)
Cash and cash equivalents - July 1	8,346,386	15,823,868	2,437,372	26,607,626	20,795,906
Cash and cash equivalents - June 30	$ 9,063,343	$ 16,963,397	$ 2,691,335	$ 28,718,075	$ 3,572,539
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 1,152,420	$ 800,160	$ (46,509)	$ 1,906,071	$ 65,204
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	18,339	1,200,831	-	1,219,170	278,009
Change in fair value of hedging derivative	-	53,593	-	53,593	-
(Increase) decrease in accounts receivable and accrued receivables	13,386	-	-	13,386	-
Increase (decrease) in allowance for bad debt	(207,081)	-	111,013	(96,068)	-
(Increase) decrease in accrued interest on loans and notes receivable	10,689	3,771	(4,425)	10,035	-
(Increase) decrease in prepaid expenses and other assets	(18,633)	(74,796)	-	(93,429)	(7,950)
Increase (decrease) in accounts payable and accrued liabilities	(108,941)	(41,789)	2,617	(148,113)	(1,049,071)
Increase (decrease) in tax credit for contribution deposits	(380,502)	-	-	(380,502)	-
Increase (decrease) in deferred charges	-	93,972	-	93,972	13,816
Total adjustments	(672,743)	1,235,582	109,205	672,044	(765,196)
Net cash provided (used) by operating activities	479,677	2,035,742	62,696	2,578,115	(699,992)
Reconciliation of cash and cash equivalents to the statement of net assets					
Cash	7,529,965	5,523,279	-	13,053,244	675,642
Restricted assets	6,033,349	18,875,000	2,691,335	27,599,684	2,896,897
Less: Portion maturing in 90 days or more	(4,499,971)	(7,434,882)	-	(11,934,853)	-
Total cash and cash equivalents	$ 9,063,343	$ 16,963,397	$ 2,691,335	$ 28,718,075	$ 3,572,539
Non-cash transaction					
Tax credit projects - land contribution	$ 1,238,848	$ -	$ -	$ 1,238,848	$ -
Tax credit projects - distribution of land	(1,238,848)	-	-	(1,238,848)	-
Total non-cash transaction	$ -	$ -	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

	Primary Government				Component Unit
	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities	Seventh Street Garage Public Parking Corporation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 2,399,389	$ 2,890,238	$ 62,319	$ 5,351,946	$ 1,000,000
Receipts for tax credit projects	70,054,775	-	-	70,054,775	-
Payments to suppliers	(2,518,007)	(668,188)	(36,421)	(3,222,616)	(1,022,750)
Payments to tax credit projects	(69,983,734)	-	-	(69,983,734)	-
Payments to employees	(809,289)	-	-	(809,289)	-
Contributions to others	-	(1,100,000)	-	(1,100,000)	-
Net cash provided (used) by operating activities	(856,866)	1,122,050	25,898	291,082	(22,750)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans and notes receivable issued	-	(29,000,000)	-	(29,000,000)	-
Interfund transfers	(21,362,050)	21,362,050	-	-	-
Contributed revenue	-	10,000,000	-	10,000,000	-
Transfers to establish small business loan program	(2,000,000)	-	2,000,000	-	-
Net cash provided (used) by noncapital financing activities	(23,362,050)	2,362,050	2,000,000	(19,000,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Long-term debt principal received	-	9,000,000	-	9,000,000	29,840,934
Long-term debt principal paid	-	(245,000)	-	(245,000)	-
Long-term debt expense and interest paid	-	(484,454)	-	(484,454)	(23,641)
Receipt of payment for building capital lease	-	5,463,913	-	5,463,913	(5,463,913)
Sale of building	1,200,000	-	-	1,200,000	-
Acquisition of buildings and equipment	(23,785)	(5,478,745)	-	(5,502,530)	(3,541,438)
Research and development	-	(35,350)	-	(35,350)	-
Net cash provided (used) by capital and related financing activities	1,176,215	8,220,364	-	9,396,579	20,811,942
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(26,263,210)	(2,507,954)	(1,000,000)	(29,771,164)	-
Maturities of investments	28,255,666	-	1,000,000	29,255,666	-
Interest on cash and investments	412,652	(17,582)	3,860	398,930	6,714
Disbursement of loan proceeds	-	-	(880,027)	(880,027)	-
Receipt of loan payments	643,167	-	183,662	826,829	-
Net cash provided (used) by investing activities	3,048,275	(2,525,536)	(692,505)	(169,766)	6,714
Net increase (decrease) in cash and cash equivalents	(19,994,426)	9,178,928	1,333,393	(9,482,105)	20,795,906
Cash and cash equivalents - July 1	28,340,812	6,644,940	1,103,979	36,089,731	-
Cash and cash equivalents - June 30	$ 8,346,386	$ 15,823,868	$ 2,437,372	$ 26,607,626	$ 20,795,906
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 2,322,582	$ 661,713	$ 24,906	$ 3,009,201	$ (80,020)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	34,740	1,198,341	-	1,233,081	-
Change in fair value of hedging derivative	-	(316,520)	-	(316,520)	-
(Increase) decrease in accounts receivable and accrued receivables	178,976	-	-	178,976	-
Increase (decrease) in allowance for bad debt	(201,049)	-	(1,130)	(202,179)	-
(Increase) decrease in accrued interest on loans and notes receivable	7,448	-	-	7,448	-
(Increase) decrease in prepaid expenses and other assets	(2,370)	(271,360)	-	(273,730)	(942,730)
Increase (decrease) in accounts payable and accrued liabilities	(480,875)	7,146	2,122	(471,607)	-
Increase (decrease) in tax credit for contribution deposits	(2,716,318)	-	-	(2,716,318)	-
Increase (decrease) in deferred charges	-	942,730	-	942,730	1,000,000
Contributions to others	-	(1,100,000)	-	(1,100,000)	-
Total adjustments	(3,179,448)	460,337	992	(2,718,119)	57,270
Net cash provided (used) by operating activities	(856,866)	1,122,050	25,898	291,082	(22,750)
Reconciliation of cash and cash equivalents to the statement of net assets:					
Cash	7,428,658	-	-	7,428,658	-
Restricted assets	6,413,850	18,330,204	2,437,372	27,181,426	20,795,906
Less: Portion maturing in 90 days or more	(5,496,122)	(2,506,336)	-	(8,002,458)	-
Total cash and cash equivalents	$ 8,346,386	$ 15,823,868	$ 2,437,372	$ 26,607,626	$ 20,795,906
Non-cash transaction					
Acquisition of real estate per assignment of note receivable	$ -	$ (8,752,300)	$ -	$ (8,752,300)	$ -
Lease of real estate in exchange for notes receivable	-	8,752,300	-	8,752,300	-
Total non-cash transaction	$ -	$ -	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Missouri Development Finance Board (the Board), is governed by Sections 100.250 to 100.297 and 100.700 to 100.850 of the Revised Statues of Missouri (RSMo), as a body corporate and politic of the State of Missouri created within the Department of Economic Development. The Board is governed by a twelve-member Board. The Governor of the State of Missouri (the State), with the advice and consent of the Senate, appoints eight of the Board members. The remaining four Board members are the Lieutenant Governor, Director of the Department of Economic Development, Director of the Department of Agriculture and Director of the Department of Natural Resources.

The Board is a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Based on GASB 14, the accompanying combined financial statements include only those operations related to the Board and are not intended to present fairly the financial position and results of operations of the State.

The Board is empowered to issue bonds and notes, provide loans, loan guarantees and grants to political subdivisions to fund public infrastructure improvements, and to issue Missouri tax credits for approved projects. The Board also has other authorized powers under state statute, including the ability to acquire, own, improve and use real and personal property such as parking garages and buildings.

The Board has two discretely presented component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*:

The Seventh Street Garage Public Parking Corporation (SSGPPC) is an active discretely presented component unit of MDFB. MDFB is the sole member of SSGPPC, acting through a board of directors. Three Board members of the Missouri Development Finance Board serve as members for SSGPPC. SSGPPC is a 501(c)(3) not-for-profit organization established for the primary purpose to serve as a qualified active low-income community business (QALICB) located in a low-income census tract in connection with the New Markets Tax Credit Program as defined in Section 45D of the Internal Revenue Code of 1986 as amended. SSGPPC renovated a portion of the St. Louis Centre into a 750-space parking garage, which it operates.

The Board's other discretely presented component unit, the Missouri Community Investment Corporation (MCIC) is currently inactive. The Board members of the Missouri Development Finance Board and five additional members serve as the Board for MCIC. MCIC is a 501(c)(3) not-for-profit organization established for the primary purpose of serving as a qualified community development entity (CDE) providing investment capital for the benefit of Low-Income Communities and Low-Income Persons within the State of Missouri in connection with the New Markets Tax Credit Program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. MCIC was inactive during fiscal year 2011 and 2010, and thus has been omitted from presentation in the financial statements.

For purposes of these financial statements, all references to MDFB or the Board represent the primary government, and all references to SSGPPC represent the Board's discretely presented component unit.



(b) Basis of Presentation

The accounts of the Board are organized on the basis of funds. The Board accounts for its activities as Enterprise Funds, a type of Proprietary Fund. Proprietary Funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, Enterprise Funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise Funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Each fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. Pursuant to RSMo Sections 100.260 and 100.263, the Board has five statutory funds. For accounting presentation purposes, the Board has chosen to present these funds as follows:

- Industrial Development and Reserve Fund — At inception the Board was funded by appropriations from the State General Revenue Fund; however, currently the Board's primary source of funds is from other sources as specified by its statutes. Funds may be used to make eligible direct loans or may be pledged as loan, note, or bond guarantees. RSMo Sections 33.080 and 100.260 provide that if funds are appropriated by the general assembly for this fund, they shall not lapse and the balance shall not be transferred to the State General Revenue Fund. This fund also includes activity related to the Old Post Office (OPO) project, the DREAM Initiative and building leasing operations.

- Parking Garage Fund — The Parking Garage Fund (PGF) was established in 2003 by the Board to account for the construction and ongoing operations of its parking garages. The garages are as follows: St. Louis Convention Center Hotel Garage (SLCCHG), the Ninth Street Garage (NSG) supporting the OPO redevelopment project in St. Louis, and the Seventh Street Garage (SSG) in St. Louis. The Board is the sole owner of these garages. SLCCHG was placed in service during 2003; the NSG was placed in service in 2006. This fund also is used to account for the Board's obligations and interests in the SSG. The actual construction and operation of the SSG is reflected within SSGPPC. The SSG was placed in service during this fiscal year 2011.

- Revolving Loan Fund — The Revolving Loan Fund (RLF) was established in 1988 and was originally capitalized by appropriations from the State General Fund and from various other sources as specified by the RSMo. In 2009, the Board transferred $2 million into this fund to establish the Small Business Loan Program. The funds for the Small Business Loan Program are maintained separately from the funds established by appropriations. Funds may be used to make low-interest or interest-free loans and loan guarantees to local political subdivisions, state agencies, as well as small businesses located within the State of Missouri.

(c) Method of Accounting

The economic resource measurement focus and the accrual basis of accounting are utilized for all Board funds. Revenues are recognized when earned and expenses are recorded when incurred.

Application fees and issuance fees are recognized as participation fees on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The Board recognizes revenue on application fees when received since the fees are due upon application and are nonrefundable. The Board recognizes revenue on issuance fees at the time of the issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. Expenses related to bond issuance are recognized when incurred, as there is no reasonable method of allocating the expenses to issuance revenues because of the previously mentioned uncertainties.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as a liability. Contributions received for tax credits on behalf of the Board's projects are recorded as contributed revenue when all applicable eligibility requirements have been met, which is determined on a project-by-project basis.

The Board applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, and all Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict GASB pronouncements. FASB Statements and Interpretations issued subsequent to November 30, 1989 are not applied.

(d) Cash and Cash Equivalents

Cash and cash equivalents for the combined statements of cash flows include cash, certificates of deposit and short-term investments with original maturities of 90 days or less.

(e) Investments

The Board has the power to invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivisions obligations with the two highest credit rating categories. Investments are adjusted to fair value at fiscal year end.

(f) Loans and Allowance for Loan Loss

Loans are stated at the amount of unpaid principal, adjusted by an allowance for loan losses. The Board's loans are made to not-for-profit entities, small businesses and political subdivisions. In many cases, the repayment terms and collateral, if any, are much less stringent than typical financial institution loans due to the nature of the Board's mission. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely.

The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluation of the collectability of loans, prior loan loss experience or when the net present value of estimated future cash flows on the loan or fair value of collateral is less than the recorded value of the loan (computed on a loan-by-loan basis).



(g) Capital Assets

MDFB and SSGPPC

Capital assets, which consist of land, building, equipment, vehicle, and software, are stated at cost. Contributions of capital assets are recorded at fair market value at the time received. Capital assets are defined by the Board as assets with an individual cost of more than $500 and an estimated useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Leasehold Improvements	10 years
Software	7 years
Equipment	3 – 5 years
Vehicle	3 years

It is the Board's policy to capitalize interest on debt incurred to finance the construction of capital assets, when material. The Board had no capital construction projects in progress for the fiscal years ended June 30, 2011 and 2010. During fiscal years 2011 and 2010, SSGPPC recorded capitalized interest in the amount of $160,146 and $46,519, respectively, in connection with the construction of the Seventh Street Garage.

(h) Compensated Absences

Under the terms of the Board's personnel policy, Board employees are granted vacation, personal days, sick and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, personal days and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation, personal days and compensatory hours are included as a current liability in the accompanying combined financial statements. The costs of sick leave are not accrued.

(i) Deferred Revenue

Deferred revenue is revenue that has not yet been earned, including rent received in advance and unearned income from capital leases.

(j) Long-Term Debt

For proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are reported as other assets on the Statement of Net Assets and amortized over the term of the related debt.

(k) Net Assets

Equity is categorized in the Statement of Net Assets as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets consist of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, and then unrestricted net assets when they are needed. Unrestricted net assets consist of net assets not invested in capital assets that do not meet the definition of "restricted."

For the years ended June 30, 2011 and 2010 the net assets of SSGPPC had deficit balances of ($173,547) and ($73,306), respectively.

(l) Classification of Operating, Non-operating and Contributed Revenue

The Board has classified its revenues as operating, non-operating or contributed revenues according to the following criteria:

Operating revenues — Include revenue sources related to the basic purpose of the Board and include interest income on loans, fees and charges for services.

Non-operating revenues — Include revenue sources unrelated to the basic purpose of the Board and include interest income on deposits and investments. Also includes contributions received from the component unit, Seventh Street Garage Public Parking Corporation (SSGPPC).

Contributed revenues — Include investments made in the Board that increase overall net assets due to involvement in a specific project; revenue related to the contributions for tax credit program authorized under state statute received for Board-owned projects.

(m) Classification of Operating and Non-operating Expenses

The Board has classified its expenses as operating and non-operating according to the following criteria:

Operating expenses — Include expenses related to the basic purpose of the Board and include administrative expenses, costs associated with carrying out Board programs, depreciation and bad debt expenses.

Non-operating expenses — Include expenses related and unrelated to the basic purpose of the Board and may include expenses related to the basic purpose of the Board when such expenses are financial in nature such as bond and interest expenses.

(n) Reclassifications

Certain fiscal year 2010 amounts have been reclassified to conform to fiscal year 2011 presentation.

(o) Participation Fees

The Board receives participation fees on certain direct loans, loan guarantees, bonds and tax credit contributions. Direct infrastructure loans are made to local governmental entities for public infrastructure needs.

Bond application fees are 0.1% of the amount of issuance limited to a minimum of $500 and a maximum of $2,500.

The issuance fee for private activity bonds is 0.3% and 0.25% for public activity bonds. Total fees on both types of issuances are not to exceed $75,000 for a single issue or multiple series under a single issue. For State Agency bonds, the issuance fee is on a scale ranging from 0.1% to 0.2%, not to exceed $75,000 for a single issue or multiple series under a single issue.

BUILD Missouri (Business Use Incentives for Large-Scale Development) application fees are $1,000 and non-refundable. The issuance fee is assessed as 2.5% of the bond principal with an annual fee of 0.5% of the principal portion outstanding at each anniversary date. The fee to cover legal counsel costs is 0.6% of bond principal with a minimum of $10,000, plus out-of-pocket expenses. Trustee fees including an acceptance fee of $850 and an annual administrative fee of $850 also is assessed.

Participation fees for the Tax Credit for Contribution Program are 4% of all contributions.

(p) Issuance of Conduit Bonds

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Convention Center Hotel Garage (SLCCHG), the Ninth Street Garage (NSG) and the Seventh Street Garage (SSG) (see Note 9), are conduit obligations. Conduit obligations are special, limited obligations of the Board and the assets of the Board are not pledged to secure such bonds. The borrower pays all debt service requirements. The bonds do not constitute an obligation of the Board or the State. See Note 16(f) to the financial statements for further information.

(q) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Estimates are used for, but not limited to, provisions for loan losses; asset impairment; depreciable lives of capital assets and fair value of financial instruments. The Board is subject to uncertainties such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates.

Accordingly, the accounting estimates used in the preparation of the Board's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Board's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements. Accordingly, actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

MDFB

As of June 30, 2011 and 2010, the Board had the following investments:

	2011		2010	
Investment Type:	Carrying Value	Weighted Average Maturity	Carrying Value	Weighted Average Maturity
Money Market Funds	$ 6,420,976	0.0523	$ 2,237,672	n/a
U.S. Government Agency Discount Notes	14,857,188	1.7272	24,218,854	0.5208
Overnight Repurchase Agreements	14,656,141	0.0028	5,830,459	0.0028
Total Fair Value	$ 35,934,305		$ 32,286,985	

Interest Rate Risk — In accordance with its investment policy, the Board manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice reduces exposure to significant declines in fair values.

Credit Risk — The Board's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivision obligations with the two highest credit ratings issued by nationally recognized statistical rating organizations (NRSROs). Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. As of June 30, 2011 and 2010, all of the Board's investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Board does not hold corporate bonds and does not participate in investment pools.

Concentration of Credit Risk — Due to the unusually conservative nature of the Board's investment policy, the Board is not at risk due to concentration.

Custodial Credit Risk - Investments — For an investment, this is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments. As of June 30, 2011 and 2010, there is no custodial credit risk for the Board's investments due to the Board's investment policy which prohibits obligations not fully secured.

Custodial Credit Risk - Deposits — In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2011 and 2010, the Board's deposits were fully covered by FDIC insurance and government-backed securities.

As required by Missouri law, the depository banks pledge securities, in addition to the Federal Depository Insurance Corporation insurance, to equal or exceed the amount on deposit at all times. As of June 30, 2011, securities with a total fair value of $28,131,291 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2010, securities with a total fair value of $17,927,801 are held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2011 and 2010, the Board's deposits were collateralized as follows:

Bank Balance	2011	2010
Insured by the FDIC	$ 1,909,091	$ 767,466
Collateralized with securities pledged by the financial institutions	7,192,347	9,858,136
Amount not collateralized	-	-
Total deposits	$ 9,101,438	$ 10,625,602
Carrying value	$ 9,107,106	$ 10,599,640

The Board's total cash and investments as of June 30, 2011 and 2010 were as follows:

	2011	2010
U.S. government and agency securities from above	$ 35,934,305	$ 32,286,985
Cash deposits from above	9,107,106	10,599,640
Accrued interest not included above	53,631	46,056
Total cash and investments	$ 45,095,042	$ 42,932,681
As reflected on the Statement of Net Assets:		
Cash	$ 13,053,244	$ 7,428,658
Investments	4,388,483	8,276,541
Accrued interest	53,631	46,056
Restricted assets	27,599,684	27,181,426
Total cash and investments	$ 45,095,042	$ 42,932,681

SSGPPC

As of June 30, 2011 and 2010, SSGPPC had no investments.

As of June 30, 2011, securities with a total fair value of $2,696,056 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2010, securities with a total fair value of $22,533,035 were held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2011 and 2010, the deposits were collateralized as follows:

Bank Balance	2011	2010
Insured by the FDIC	$ 948,378	$ 250,000
Collateralized with securities pledged by the financial institutions	2,581,042	20,545,906
Total deposits	$ 3,529,420	$ 20,795,906
Carrying value	$ 3,572,539	$ 20,795,906

3. INTERFUND ACTIVITY

(a) Due To/From Other Funds

There were no due to and due from balances as of June 30, 2011 and 2010.

(b) Interfund Transfers

In the year ended June 30, 2011, the Industrial Development and Reserve Fund (IDRF) transferred $5 million to the Parking Garage Fund (PGF) to fund a grant to the Department of Economic Development Division of Workforce Development to provide partial funding to the Missouri Job Development Fund for the Customized Training Program. Also see Note 14.

In the year ended June 30, 2010, the Industrial Development and Reserve Fund (IDRF) transferred a total of $21,362,050 to the Parking Garage Fund (PGF). The Board transferred the $5 million LCRA loan to the parking garage fund due to this project's relationship to the Seventh Street Garage project. The Board transferred an additional $5 million in cash to pay towards SSG construction costs, as well as $4.5 million in cash to establish a debt service reserve fund. An additional $6.862 million in investments was transferred in order to meet bond debt reserve requirements.

4. LOANS, NOTES RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Direct loans through the Industrial Development and Reserve Fund (IDRF) represent loans to individual companies and political subdivisions in Missouri and are generally unsecured. Direct loans through the Revolving Loan Fund (RLF) represent three percent loans made to local political subdivisions and small businesses and are generally unsecured. Loans from the Parking Garage Fund (PGF) represent loans that relate to parking garage projects.

During fiscal year 2010, the Board loaned the St. Louis Centre Garage Investment Fund, LLC (SLCGIF) $24 million to assist with the Seventh Street Garage project (See Notes 6 and 13). The note matures January 31, 2041, is due in monthly payments of $22,125 (principal and interest), and bears interest at 1%. SSGPPC repays the loans to three CDEs from the parking garage revenues; the CDEs are required to pay a monthly income distribution consisting of interest income received from SSGPPC to the SLCGIF; and SLCGIF repays its note to MDFB.

The Board also loaned the LCRA $5 million to assist with the redevelopment of the One City Center also related to the Seventh Street Garage project. The loan is secured by the full-faith and credit obligation of the LCRA and assignment of LCRA's interest in One City Center. Interest is adjusted annually each December 1 to a variable rate equal to the Applicable Interest Rate on each Adjustment Date. The current interest rate through December 1, 2011 is 2.24%. Final maturity is December 1, 2019.

For the fiscal year ended June 30, 2011 and 2010, the allowance for loan losses was $6,462,990 and $6,559,058 respectively.

During fiscal year 2011, the allowance for loan losses was adjusted due to the collection of an installment on the American Fish and Wildlife Museum Loan in the amount of $207,081. An adjustment also was made in the allowances for loan losses on Small Business Loans receivable in the amount of $111,013. The loan payment from American Fish and Wildlife was recorded in other income.

During fiscal year 2010, the allowance for loan losses was adjusted due to the collection of an installment on the American Fish and Wildlife Museum Loan in the amount of $201,049, as well as an adjustment in the allowance for loan losses on MIDOC loans receivable in the amount of $1,130. The loan payment from American Fish and Wildlife was recorded in other income.

No allowance has been established in connection with the Parking Garage loans.

Loans and notes receivable at June 30, 2011 and 2010, was as follows:

	2011		2010	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ 48,590	$ 16,358,056	$ 51,936	$ 16,618,519
Parking Garage Fund	25,676	28,945,805	-	29,000,000
Revolving Loan Fund	210,704	1,951,452	247,682	2,103,259
Total	284,970	47,255,313	299,618	47,721,778
Less: allowance for loan losses	-	6,462,990	-	6,559,058
Total loans and notes receivable, net	$ 284,970	$ 40,792,323	$ 299,618	$ 41,162,720

5. RESTRICTED ASSETS

MDFB

In June 1999, December 2003, and April 2004, the Board placed unrestricted Board funds of $500,000 into Second Loss Debt Service Reserve Funds for each of its three infrastructure bonds for a total of $1,500,000.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of held contributions recorded as restricted assets with a corresponding liability.

In December 2000, the Board issued debt in the amount of $21.1 million to finance the construction of the St. Louis Convention Center Hotel Garage (SLCCHG) project. Per the Letter of Credit, the Board was required to establish an Operating Reserve and to deposit all net operating profits. Amounts held in the Operating Reserve may be utilized for ongoing operating expenses and debt service on the SLCCHG. Any amount deposited over $1,375,000 may be disbursed without bank consent (also see Note 9 for additional covenants). As of June 30, 2011 and 2010 the balances held in the operating reserve was $1,816,684 and $2,329,462, respectively.

In October 2004, the Board issued $16.5 million in bond debt to finance the Ninth Street Garage (NSG) project. Per the Letter of Credit, the Board is required to maintain unrestricted cash balances and investments on its balance sheet equal to $10 million. The Letter of Credit also requires the Board to deposit all gross receipts into the Gross Receipts Fund, as well as maintain an Operating Reserve Fund and Capital Improvements Fund for the NSG; once balances are $1.1 million combined, the excess will be transferred to the Debt Service Fund held with the Trustee. Also see Note 9 for additional covenants.

In April 2010, the Board issued debt in the amount of $9 million to assist with the financing of the Seventh Street Garage project. Per the Bond Trust Indenture, the Board is required to hold $4.5 million in a debt service reserve fund at UMB, the trustee bank. As of June 30, 2011 and 2010, the fair market value of the investments held in the debt service reserve fund was $4,500,000 and $4,496,316, respectively. In addition, per the Indenture, so long as the bonds are outstanding, MDFB is required to maintain unencumbered and unrestricted net assets in the form of cash and marketable securities in an amount, including any permitted investments in the debt service reserve fund, of not less than $17.5 million.

As of June 30, 2011 and 2010, the Board had $18,875,000 and $18,330,204, respectively in total assets restricted in the Parking Garage Fund (PGF) to satisfy the above requirements (see table below).

The Revolving Loan Fund consists of activities for the MIDOC and Small Business Loan programs. Cash in this fund is restricted for these programs under state statute.

Restricted assets consist of the following as of June 30, 2011 and 2010:

Restricted assets - Business-Type Activities	2011	2010
Infrastructure bond debt service reserve funds	$ 1,500,000	$ 1,500,000
Tax credit for contribution deposits (Note 8)	4,533,349	4,913,850
Total restricted assets - Industrial Development and Reserve Fund	6,033,349	6,413,850
Ninth Street Garage reserve deposits	10,000,000	10,000,000
St. Louis Convention Center Hotel Garage reserve deposits	1,375,000	1,375,000
Seventh Street Garage debt service reserve fund	4,500,000	4,501,081
Additional Seventh Street Garage reserve deposits	3,000,000	2,454,123
Total restricted assets - Parking Garage Fund	18,875,000	18,330,204
MIDOC funds	1,556,695	1,306,984
Small Business Loan funds	1,134,640	1,130,388
Total restricted assets - Revolving Loan Fund	2,691,335	2,437,372
Total restricted assets - Business-Type Activities	$ 27,599,684	$ 27,181,426

SSGPPC

In April 2010, the SSGPPC executed notes payable totaling $29,840,934 to the three CDEs to fund the construction of the Seventh Street Garage project (see Note 9). As of June 30, 2011, $1,869,888 remains on hand for the final costs of construction of the garage. The Reserve Fund accounts were established to cover management and accounting fees associated with the New Markets Tax Credit program compliance.

Restricted assets - SSGPPC	2011	2010
Operating Account	$ -	$ 701,269
Construction Funds	1,869,888	18,944,611
Reserve Funds	1,027,009	1,150,026
Total restricted assets - SSGPPC	$ 2,896,897	$ 20,795,906

6. CAPITAL ASSETS

MDFB

In August 1989, the Board received a $2.4 million contribution from a taxpayer to acquire and renovate a vacant, historic hotel building in downtown Kansas City, Missouri as part of a multi-block redevelopment effort. In conjunction with this purchase, the Board signed a 20-year lease with the United Way of Kansas City (the United Way) to rent the office space within the building upon completion of the renovation. The lease provided for monthly rental payments of $2,084, with an option to purchase the building at the end of the lease term (August 15, 2009) for $1.2 million. The lease was accounted for as an operating lease and the building and contribution was recorded as land and building and invested in capital assets. The United Way exercised their option to purchase the building in August 2009. The asset has been removed from the Board's books.

During 2000, the Board used a $6 million contribution from a taxpayer and $21.1 million in bond proceeds to purchase land and begin construction of the St. Louis Convention Center Hotel Garage (SLCCHG) adjacent to the St. Louis Convention Center Hotel. When the Parking Garage Fund (PGF) was established during 2003, this contribution was transferred from the Industrial Development and Reserve Fund (IDRF). The SLCCHG began operations in August 2002.

In April 2003, the Board used a $10 million contribution from a taxpayer and began participating in two related redevelopment projects in downtown St. Louis, Missouri. During 2004 and 2005, $18.8 million in additional funds was raised to fund the remainder of the projects. The first project, commonly referred to as the "Old Post Office Project" or the "OPO Project," consists of the acquisition and renovation of a historic structure in downtown St. Louis known as the U.S. Custom House and Old Post Office. The second project consists of the acquisition and demolition of the Century Building and the construction of a parking garage located to the west of the OPO Project. This project is known as the "Ninth Street Garage Project" or the "NSG Project." The OPO and NSG Projects are separate and distinct projects for purposes of financial reporting, but integrally linked for development and operational purposes.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America at no cost to the Board. The Board then executed a 99-year lease of the OPO Project with St. Louis U.S. Custom House and Post Office Building Associates, LP; a Missouri limited partnership (OPO Master Lessee). In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,750,000 to assist in the financing of the OPO Project - the current balance is $12,723,704. Per the master lease agreement, costs previously recognized as construction in progress were reclassified to the loan balance outstanding. Pursuant to the OPO Master Lease, the Board has an option to purchase the OPO leasehold interest from the OPO Master Lessee beginning in December 31, 2014 at the greater of the fair market value or the development debt outstanding. Renovation of the OPO Project was completed in late 2006.

The NSG Project is owned by the Board and consists of the development and construction of a 1,050-space parking garage located on the west side of Ninth Street directly across from the OPO Project. The land was purchased in April 2003. The Board entered into long-term parking leases with tenants of the OPO Project and with surrounding businesses and building owners. The NSG Project was completed in 2007.

In April 2010, the Board acquired title to 601 Locust, formerly known as St. Louis Centre, via an assignment of purchase and sale agreement with the LCRA. Total consideration for the exchange was approximately $14.2 million. The Board executed two long-term capital leases: a "retail" lease and a "garage" lease (see Note 15). The lessee of the garage space is SSGPPC, a component unit of the Board. See SSGPPC section of this Note.

MDFB

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions/ Retirements	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	$ 7,219,739	$ -	$ -	$ 7,219,739
Total capital assets, not being depreciated	7,219,739	-	-	7,219,739
Capital assets, being depreciated:				
Building	47,168,221	-	-	47,168,221
Equipment	162,070	3,084	-	165,154
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Software	14,626	-	-	14,626
Total capital assets, being depreciated	47,420,300	3,084	-	47,423,384
Less: accumulated depreciation for:				
Building	5,941,127	1,186,224	-	7,127,351
Equipment	125,195	14,958	-	140,153
Leasehold improvements	30,674	5,669	-	36,343
Vehicle	15,443	3,729	-	19,172
Software	1,218	2,087	-	3,305
Total accumulated depreciation	6,113,657	1,212,667	-	7,326,324
Total capital assets, being depreciated, net	41,306,643	(1,209,583)	-	40,097,060
Total capital assets, net	$ 48,526,382	$ (1,209,583)	$ -	$ 47,316,799

A summary of capital assets by fund at June 30, 2011 was as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	-	47,168,221	47,168,221
Equipment	112,569	52,585	165,154
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Software	14,626	-	14,626
Subtotal	202,578	54,440,545	54,643,123
Less: accumulated depreciation	(160,948)	(7,165,376)	(7,326,324)
Total capital assets, net	$ 41,630	$ 47,275,169	$ 47,316,799

MDFB

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions/ Retirements	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	$ 7,219,739	$ -	$ -	$ 7,219,739
Total capital assets, not being depreciated	7,219,739	-	-	7,219,739
Capital assets, being depreciated:				
Building	49,557,914	14,226,520	(16,616,213)	47,168,221
Equipment	148,384	13,686	-	162,070
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Software	-	14,626	-	14,626
Total capital assets, being depreciated	49,781,681	14,254,832	(16,616,213)	47,420,300
Less: accumulated depreciation for:				
Building	5,944,603	1,196,524	(1,200,000)	5,941,127
Equipment	102,998	22,197	-	125,195
Leasehold improvements	25,005	5,669	-	30,674
Vehicle	9,052	6,391	-	15,443
Software	-	1,218	-	1,218
Total accumulated depreciation	6,081,658	1,231,999	(1,200,000)	6,113,657
Total capital assets, being depreciated, net	43,700,023	13,022,833	(15,416,213)	41,306,643
Total capital assets, net	$ 50,919,762	$ 13,022,833	$ (15,416,213)	$ 48,526,382

A summary of capital assets by fund at June 30, 2010 was as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	-	47,168,221	47,168,221
Equipment	111,385	50,685	162,070
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Software	14,626	-	14,626
Subtotal	201,394	54,438,645	54,640,039
Less: accumulated depreciation	(142,611)	(5,971,046)	(6,113,657)
Total capital assets, net	$ 58,783	$ 48,467,599	$ 48,526,382

SSGPPC

As disclosed in Note 15, SSGPPC has a capital lease agreement with MDFB for certain property that was developed into a parking garage. During fiscal year 2010, SSGPPC began construction on the Seventh Street Garage. The Seventh Street Garage commenced operations in fiscal year 2011.

SSGPPC's garage project qualifies for the Federal New Markets Tax Credit Program, which facilitated financing for the project. The garage project is part of a larger redevelopment project affecting adjoining office buildings in St. Louis. For the garage project, MDFB provided indirect funding in the form of a $24 million loan to St. Louis Centre Garage Investment Fund, LLC, an entity 100% owned by U.S. Bank Community Development Corporation (USBCDC). The proceeds of the MDFB loan were combined with New Markets Tax Credit qualified equity investments and provided as an equity investment to each of three non-related community development entities: National Development Council (NDC), Urban Development Fund (UDF) and St. Louis Development Council (SLDC). Total proceeds of $29,840,934 (see Note 5) were subsequently loaned to SSGPPC to provide direct financing for the garage project. In addition, SSGPPC received an upfront parking lease payment of $1 million from U.S. Bank, which is recorded as deferred revenue and also used to fund the project.

MDFB and SSGPPC entered into a Turn-Key Development Agreement with MXG Developer, LLC (MXG) to complete the garage renovation. The garage project is backed by an Indemnity Agreement with the LCRA as well as a Completion Guarantee Agreement with MXG.

SSGPPC

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions/ Retirements	Balance June 30, 2011
Capital assets, not being depreciated:				
Construction in progress	$ 11,990,526	$ 16,332,952	$ (28,323,478)	$ -
Total capital assets, not being depreciated	11,990,526	16,332,952	(28,323,478)	-
Capital assets, being depreciated:				
Leasehold Asset	-	28,323,478	-	28,323,478
Equipment	-	16,139	-	16,139
Software	-	8,840	-	8,840
Total capital assets, being depreciated	-	28,348,457	-	28,348,457
Less: accumulated depreciation for:				
Leasehold Asset	-	275,558	-	275,558
Equipment	-	1,925	-	1,925
Software	-	526	-	526
Total accumulated depreciation	-	278,009	-	278,009
Total capital assets, being depreciated, net	-	28,070,448	-	28,070,448
Total capital assets, net	$ 11,990,526	$ 44,403,400	$ (28,323,478)	$ 28,070,448

A summary of capital assets as June 30, 2011 was as follows:

	Total Capital Assets
Leasehold Asset	$ 28,323,478
Equipment	16,139
Software	8,840
Subtotal	28,348,457
Less: accumulated depreciation	(278,009)
Total capital assets, net	$ 28,070,448

SSGPPC

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions/ Retirements	Balance June 30, 2010
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 11,990,526	$ -	$ 11,990,526
Total capital assets, not being depreciated:	-	11,990,526	-	11,990,526
Total capital assets	$ -	$ 11,990,526	$ -	$ 11,990,526

A summary of capital assets at June 30, 2010 was as follows:

	Total Capital Assets
Construction in progress	$ 11,990,526
Total capital assets	$ 11,990,526

7. OTHER ASSETS

Other assets are composed of the following as of June 30, 2011 and 2010:

	2011	2010
Interest rate cap agreement		
Amount paid	$ 387,000	$ 387,000
Adjustment to fair value	(262,927)	(316,520)
Fair value	124,073	70,480
Bond issuance costs	195,000	195,000
Accumulated amortization	(7,583)	(1,083)
Unamortized balance	187,417	193,917
Total Other Assets	$ 311,490	$ 264,397

(a) Interest Rate Cap Agreement

In connection with the $9 million debt borrowed from Pulaski Bank (see Note 9), MDFB entered into an interest rate cap agreement with Morgan Stanley Capital Services, LLC. (credit rating of A) to cover a portion (2015-2020) of the period when the debt carries a variable interest rate. The agreement is intended to provide a cash flow hedge for the variable interest rate of the obligation. This agreement's notional amount is based on the amortized loan balance (starting at $8.4 million) with a cap rate of 5.264% and a floating rate of monthly LIBOR. The cost of the interest rate cap agreement was $387,000, and the estimated fair value at June 30, 2011 and June 30, 2010, is $124,073 and $70,480, respectively. The fair value of the rate cap was estimated using a proprietary pricing service. MDFB has determined the hedge meets the criteria for effectiveness and has recorded the adjustment to fair value as a deferred outflow, which is included in prepaid expenses and other assets.

Risks:

Credit Risk — MDFB is exposed to credit risk on hedging derivative instruments that are in asset positions. MDFB currently does not have a policy regarding credit risk.

Interest Rate Risk — MDFB is not exposed to interest rate risk on its interest rate cap agreement.

Basis Risk — MDFB is not exposed to basis risk on its rate cap hedging derivative instruments because the same variable-rate is used for both debt payments paid by MDFB and the interest rate cap agreement.

Termination Risk — MDFB or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Rollover Risk — MDFB is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Board will be re-exposed to the risks being hedged by the hedging derivative instrument.



(b) Bond Issuance Costs

Costs incurred in issuing the $9 million bonds to Pulaski Bank are deferred and being amortized over the term of the bonds. Amortization expense for the year ended June 30, 2011 and 2010 was $6,500 and $1,083, respectively.

8. TAX CREDIT FOR CONTRIBUTION DEPOSITS

One of the Board's programs is the Tax Credit for Contribution Program. During any calendar year, the Board can authorize up to $10 million in tax credits. The limitation on tax credit authorization may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter, by the Commissioner of the Office of Administration, the Director of the Department of Economic Development, and the Director of the Department of Revenue that such action is essential to ensure retention or attraction of investment in Missouri provided, however, that in no case shall more than $25 million in tax credits be authorized during such year. Prior to July 4, 2009, there was no cap on authorizations approved with the authority to exceed the $10 million calendar year cap. In addition, prior to the July 4, 2009 legislation, the Board was authorized to issue the greater of $10 million or five percent of the average growth in general revenue receipts in the preceding three fiscal years.

Through this program, the Board is authorized to grant tax credits in an amount equal to 50% of contributions accepted by the Board. Eligible infrastructure projects approved by the Board are granted the contributions. Contributions received by the Board are remitted to fund the project upon requests supported by proof of eligible reimbursable project expenditures or used to fund projects owned by the Board. Contributions on deposit with the Board are reflected as restricted assets and a liability in the accompanying financial statements. As of June 30, 2011 and 2010, the Board held deposits received pursuant to the Tax Credit for Contribution Program of $4,533,349 and $4,913,850, respectively.

9. LONG-TERM DEBT

MDFB

Summary of debt held as of June 30, 2011 and 2010, was as follows:

	2011	2010
$3,910,000 St. Louis Convention Center Hotel Garage Series 2000B, taxable infrastructure facilities revenue bonds; and $11,440,000 St. Louis Convention Center Hotel Garage Series 2000C, tax exempt infrastructure facilities revenue bonds. Variable rate interest installments are paid monthly with interest not to exceed 10% per annum. Remaining principal is due December 1, 2020.	$ 15,350,000	$ 15,350,000
$8,000,000 Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds. Variable rate interest installments are paid monthly with interest not to exceed 10% per annum. Annual principal installments began October 1, 2008 and will continue through October 1, 2034.	15,000,000	15,255,000
$9,000,000 Seventh Street Garage Series 2010, recovery zone facility bonds. Interest installments are paid monthy; with monthly principal and interest installments beginning June 1, 2012. Fixed rate of 4.25% through April 30, 2015 variable rate through May 2020 not to exceed 5.264% pursuant to Rate Cap Agreement (See Note 7). Variable rate thereafter through May 2040.	9,000,000	9,000,000
Total debt	39,350,000	39,605,000
Less current portion	(270,000)	(255,000)
Long-term debt	$ 39,080,000	$ 39,350,000

Changes in outstanding bond debt for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Infrastructure facilities revenue bonds	$ 39,605,000	$ -	$ 255,000	$ 39,350,000	$ 270,000

Changes in outstanding bond debt for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
Infrastructure facilities revenue bonds	$ 30,850,000	$ 9,000,000	$ 245,000	$ 39,605,000	$ 255,000



St. Louis Convention Center Hotel Series 2000B and 2000C:

The annual debt service requirements as of June 30, 2011, was as follows:

	Principal	Interest	Total
2012	$ -	$ 22,232	$ 22,232
2013	-	22,232	22,232
2014	-	22,232	22,232
2015	-	22,232	22,232
2016	-	22,232	22,232
2017 - 2021	15,350,000	111,160	15,461,160
Totals	$ 15,350,000	$ 222,320	$ 15,572,320

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The annual debt service schedule above assumes an interest rate of 0.145% representing the interest rate at June 30, 2011. The actual interest paid during 2011 and 2010 averaged 0.279% and 0.342%, respectively. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation.

The bonds bear interest at a daily rate. When the bonds are in a daily rated period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.

Ninth Street Garage Series 2004A and 2004B:

The annual debt service requirements as of June 30, 2011, was as follows:

	Principal	Interest	Total
2012	$ 270,000	$ 40,866	$ 310,866
2013	290,000	40,265	330,265
2014	310,000	39,623	349,623
2015	330,000	38,940	368,940
2016	355,000	38,204	393,204
2017 - 2021	2,150,000	178,241	2,328,241
2022 - 2026	2,950,000	151,170	3,101,170
2027 - 2031	4,075,000	113,939	4,188,939
2032 - 2035	4,270,000	55,251	4,325,251
Totals	$ 15,000,000	$ 696,499	$ 15,696,499

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the reimbursement of the bank, the Board is required to maintain unrestricted cash balances and investments on its balance sheet equal to $10 million. In addition, the Board must maintain a ratio of total adjusted liabilities to total net assets of 1.5:1. For the periods ended June 30, 2011 and 2010, the Board was in compliance with said covenants. Debt is further collateralized by Bond Guarantee Tax Credits equal to $5 million.

The annual debt service schedule assumes an interest rate of 0.276% representing the interest rate as of June 30, 2011. The actual interest paid during 2011 and 2010 averaged 0.42% and 0.353% respectively.

The bonds bear interest at a daily rate. When the bonds are in a daily rated period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

Seventh Street Garage Series 2010A:

The annual debt service requirements as of June 30, 2011, was as follows:

	Principal	Interest	Total
2012	$ 14,000	$ 382,500	$ 396,500
2013	172,000	378,611	550,611
2014	180,000	371,089	551,089
2015	189,000	363,311	552,311
2016	195,000	355,162	550,162
2017 - 2021	1,115,000	1,640,815	2,755,815
2022 - 2026	1,377,000	1,377,351	2,754,351
2027 - 2031	1,705,000	1,051,627	2,756,627
2032 - 2036	2,107,000	649,000	2,756,000
2037 - 2040	1,946,000	166,363	2,112,363
Totals	$ 9,000,000	$ 6,735,829	$ 15,735,829

The bonds are set for monthly mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the bank, the Board was required to fund the Debt Service Reserve to be held by the Trustee Bank in the amount of $4.5 million and so long as the Bonds are outstanding, MDFB is required to maintain, unencumbered and unrestricted net assets in the form of cash and marketable securities including the amount in the Debt Service Reserve Fund, of not less than $17.5 million (see Note 5). For the period ended June 30, 2011, the Board was in compliance with said covenants. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation plus any accrued interest.

During the period beginning April 30, 2010, through April 30, 2015, the bonds bear interest at 4.25% annually. During the period May 1, 2015 through maturity, the bonds carry a variable rate of interest. MDFB has the option to select from three variable interest rates prior to each interest rate period: a monthly term rate equal to LIBOR (not less than 3%), an annual term rate (one-year US Treasury Rate plus 2.5% but not less than 3%), or a five-year fixed term rate (5-year Treasury rate plus 2.5% but not less than 4.25%). For the period beginning May 2015 and ending May 2020, the rate paid by MDFB will not exceed 5.264% pursuant to a rate cap agreement with Morgan Stanley Capital Services, LLC (see Note 7).

SSGPPC

Summary of debt held as of June 30, 2011 and 2010, was as follows:

	2011	2010
$3,424,425 NDC New Markets Investment LVII, LLC (NDC) Loan A note payable; $4,424,779 NDC Loan B note payable; and $2,192,642 NDC Loan C note payable. Fixed interest rate of 0.92% per annum. Monthly installments began June 5, 2010. Loan matures December 31, 2040.	$ 10,041,846	$ 10,041,846
$4,314,775 Urban Development Fund IX, LLC (UDF) Loan A-1 note payable; $5,575,221 UDF Loan B-1 note payable; and $1,909,092 UDF Loan C-1 note payable. Fixed interest rate of 0.92% per annum. Monthly installments began June 5, 2010. Loan matures December 31, 2040.	11,799,088	11,799,088
$6,260,800 St. Louis New Markets Tax Credit Fund-XI, LLC (SLDC) Loan A-2 note payable; and $1,739,200 SLDC Loan C-2 note payable. Fixed interest rate of 0.92% per annum. Monthly installments began June 5, 2010. Loan matures December 31, 2040.	8,000,000	8,000,000
Total	$ 29,840,934	$ 29,840,934

The annual debt service requirements as of June 30, 2011, was as follows:

	Principal	Interest	Total
2012	$ -	$ 274,537	$ 274,537
2013	-	274,537	274,537
2014	-	274,537	274,537
2015	-	274,537	274,537
2016	-	274,537	274,537
2017 - 2021	1,824,148	1,359,043	3,183,191
2022 - 2026	5,586,063	1,186,321	6,772,384
2027 - 2031	6,948,619	904,062	7,852,681
2032 - 2036	8,550,441	554,672	9,105,113
2037 - 2040	6,931,663	140,578	7,072,241
Totals	$ 29,840,934	$ 5,517,361	$ 35,358,295

10. DEFERRED REVENUE

MDFB

In April 2010, SSGPPC paid MDFB Base Rent of $6,406,643 under a capital lease agreement (see Note 6). MDFB has recorded deferred revenue in the amount of $927,901 and $942,730 for June 2011 and 2010, respectively, due to the difference between the minimum lease payment and the estimated fair market value of the building of $5,463,913.

In November 2009, the Board approved participation in a CID and TDD, see Note 16(e). The CID and TDD funds are applied to the parking rent due for the St. Louis Convention Center Hotel Garage parking from the Renaissance Grand Hotel. Funds in excess of the amount due are reflected here. The CID and TDD deferred revenue for the fiscal year ended June 30, 2011 is $93,201.

Other lease payments made in advance also are reflected within deferred revenue. For the period ended June 30, 2011, $15,600 was recorded in the Parking Garage Fund (PGF). See Note 11 for rental income items.

Total deferred revenue for fiscal years ended June 30, 2011 and 2010 is $1,036,702 and $942,730, respectively.

SSGPPC

In April 2010, U.S. Bank prepaid rent of $1 million. The prepayment is reflected in deferred revenue and is amortized over the life of the lease. For the period ended June 30, 2011, $13,889 was recorded as rental income.

For the fiscal year ended June 30, 2011, SSGPPC recorded $27,705 in deferred revenue for parking rent paid in advance.

Total deferred revenue for fiscal years ended June 30, 2011 and 2010 is $1,013,816 and $1,000,000, respectively.

11. RENTAL INCOME

Future minimum rental income on non-cancelable operating leases was as follows:

	Parking Garage Fund	Seventh Street Garage Public Parking Corporation
2012	$ 1,275,682	$ 1,191,840
2013	1,359,182	1,203,525
2014	1,326,382	1,322,850
2015	1,334,382	1,436,175
2016	1,334,382	1,464,600
2017-2021	6,126,000	7,675,500
2022-2026	5,222,410	7,801,500
2027-2031	4,676,410	8,172,000
2032-2036	4,622,410	8,514,000
2037-2041	4,622,410	8,884,500
2042-2046	4,622,410	-
2047-2051	2,222,363	-
2052-2056	1,288,500	-
2057-2061	1,288,500	-
2062	236,225	-
Totals	$ 41,557,648	$ 47,666,490

MDFB

The Parking Garage Fund's St. Louis Convention Center Hotel Garage (SLCCHG) 880-space parking garage constructed by the Board to support the St. Louis Convention Center Hotel project in downtown St. Louis. The carrying value of the garage is $21,913,825, less accumulated depreciation of $3,835,465 and $3,405,320 as of June 30, 2011 and 2010, respectively. The hotel operator leases a minimum of 375 spaces with the option of leasing up to 275 additional spaces with proper notice. The minimum lease payment for the hotel's use of the garage is $554,282 per year with an expiration date of February 15, 2048. In addition to the hotel, the nearby Merchandise Mart, a mixed-use development with apartments and retail space, has a lease for up to 118 spaces in this parking garage with minimum annual lease payments of $25,000. The initial lease is for 19 years from the date that the Merchandise Mart received its occupancy certificate, September 19, 2001. There is a renewal option for an additional 11 years if the Merchandise Mart pays a $50,000 renewal fee on August 2, 2021. Finally, the Roberts Old School House Lofts, LP executed a new lease on March 1, 2011 for 50 years; 32 spaces are taken the first year, 50 the second year and all 75 thereafter. Both the Merchandise Mart and Roberts leases call for parking rates to be the same as those paid by the general public for monthly parking.

The Parking Garage Fund's Ninth Street Garage (NSG) is a 1,050-space parking garage constructed by the Board to support the renovation of the Old Post Office project and redevelopment of adjacent vacant buildings in downtown St. Louis. The carrying value of the garage is $32,474,135, less accumulated depreciation of $3,291,886 and $2,535,807 as of June 30, 2011 and 2010, respectively. Leases are in place with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction (which was assigned to Paul Brown Developer, LP), and entities associated with the Syndicate Building. In March 2011 SMR Tower Investments signed a lease and must take 20 spaces by June 1, 2012, an additional 64 by December 1, 2012 and another 16 spaces by December 1, 2013. The estimated minimum lease payments for all parking lessees at the NSG total $396,700 for fiscal year 2012. In fiscal year 2010, the Office of Administration for the State of Missouri reduced its parking spaces in NSG from 513 to 186 spaces. The Office of Administration is on a month-to-month basis, now taking 178 spaces and pays $151,320 per year.

Under a lease dated November 26, 2008, the Board leased the 20,800 square feet of retail space in the NSG to SMI-NSG, LLC, an affiliate of Schnuck Markets, Inc. and DESCO. The lessee operates an urban concept grocery store, Culinaria, and pays annual rent of $187,200. The lease is on a triple net basis. The term of the lease is 10 years with six 5-year renewal options. The Board also entered into a Parking Validation Agreement that provides store customers with free parking for one hour from 9-5 on weekdays and two hours at all other times, and a provision for free employee parking for up to 336 hours per day. In August 2009, the Board funded SMI-NSG, LLC $1.1 million of remaining NSG bond funds for tenant improvements.

SSGPPC

The 750-space Seventh Street Garage began operations in February 2011. The Seventh Street Garage Public Parking Corporation (SSGPPC) executed two parking leases which became effective February 1, 2011.

The first lease is a parking lease agreement with U.S. Bank, NA which leases 400 or 475 parking units (as determined at the end of the first lease year). The term of the lease is for 30 years and there are two 10-year renewal options. The parking rent is the greater of $125 per month, the market rate, or the monthly contract rate as defined in the agreement, but never less than the amount in effect for the prior year. Lease payments are payable on the first of each month. The rent will be determined annually at least 30 days preceding the effective date and each anniversary date of the effective date. In addition to the base rent described above, the tenant paid supplemental rent of $1 million (see Note 10) which will be recorded as deferred revenue and amortized over the term of the lease.

In addition to the lease with U.S. Bank, SSGPPC also leases parking spaces to 600 Tower, LLC. The lease covers a total of 240 parking spaces (85 reserved and 155 unreserved) at initiation of lease, increasing by 15 additional unreserved spaces up to 475 units. Monthly rent is $155 per reserved space and $130 per unreserved space adjusted $5 every two years during the lease term. However, monthly rent can be adjusted based on market rent. The term of the lease is for 30 years and there are two 10-year renewal options.

12. CONTRIBUTION FROM SSGPPC

In fiscal year 2011, with the opening of the Seventh Street Garage, the Board, as the sole member of the Seventh Street Garage Public Parking Corporation, began receiving contributions of the corporation's excess cash as required by the bylaws. In fiscal year 2011 the Board received $11,837 in contributions.

13. CONTRIBUTED REVENUE

In fiscal year 2011, the Board did not receive contributed revenue.

In fiscal year 2010, the Board received a donation in the amount of $10 million from U.S. Bank, NA. In consideration of the donation, the Board granted contribution tax credits in the amount of $5 million. The $10 million contribution was combined with the $9 million Board bond proceeds, as well as $5 million from the Board's unrestricted net assets to fund a loan to the St. Louis Centre Garage Investment Fund, LLC to assist with the financing of the Seventh Street Garage project (see Notes 4 and 6).

14. CONTRIBUTIONS TO OTHERS

In fiscal year 2011, the Board approved a grant to the Division of Workforce Development of $5 million to provide additional funding to the Missouri Job Development Fund for the Customized Training Program. The expense is presented as contributions to others. These monies will be paid during fiscal year 2012 and therefore is shown in accounts payable in the Parking Garage Fund (PGF) as of the fiscal year ended June 30, 2011. Also see Note 3(b).

15. LEASE AGREEMENTS

(a) 601 Locust Street, St. Louis, Missouri

In fiscal year 2010, MDFB purchased the entire real estate and building commonly known as St. Louis Centre (601 Locust Street in St. Louis) for approximately $14.2 million from St. Louis Centre Building, LLC via an Assignment of Purchase and Sale Agreement with the Land Clearance for Redevelopment Authority of the City of St. Louis (LCRA). This is a 4-story building that meets the qualifications for the Federal New Markets Tax Credit Program. See further information in Note 6.

MDFB, in turn, immediately leased most of Floor 2 and Floors 3-4 to SSGPPC for a term of 75 years (expiring in 2085) and a one-time lease payment of approximately $6.4 million, and leased Floor 1 and the remainder of Floor 2 to Mercantile Exchange, Inc. (MEI), an unrelated entity, for a term of 100 years (expiring in 2110) and a one-time lease payment of approximately $8.8 million. The leases are treated by MDFB as capital leases for accounting purposes and as a sale for income tax purposes.

MDFB classified its leases with SSGPPC and MEI as direct financing leases. MDFB received the minimum lease payments of approximately $14.2 million upfront and will not receive any further lease payments. As a result, MDFB recorded a net investment in direct financing leases of $0 and unearned income of $942,730, included in deferred revenue (see Note 10). The unearned revenue will be amortized over the terms of the leases.

Garage Lease — SSGPPC

SSGPPC paid MDFB base rent of approximately $6.4 million in a lump sum upfront payment at lease inception. No further lease payments are required, although SSGPPC is required to pay costs of maintenance, operation, and repair of the property. Of the total amount, approximately $5.5 million was capitalized as building and the difference was recorded as prepaid lease expense to be amortized over the life of the lease.

The lease to SSGPPC incorporates the garage redevelopment project also known as the Seventh Street Garage, which consists of the renovation of four levels of the existing building including three levels of parking for approximately 750 vehicles and partial renovation of the retail and loading dock areas on level 1. SSGPPC and MDFB are responsible for the development of the garage; SSGPPC will own the leasehold improvements upon completion. At the end of the lease term, MDFB will take ownership of the completed garage. See further information in Note 6.

Retail Lease — MEI

MEI paid MDFB base rent of approximately $8.8 million in a lump sum upfront payment at lease inception through the assignment of a promissory note from the subtenant MX Retail, LLC (MXR). MDFB assigned this promissory note without recourse to the seller of the property in order to cover a portion of the cost to acquire the property. No further lease payments are required, although MEI is required to pay costs of maintenance, operation, and repair of the retail portion of the property. MEI's subtenant is developing the leased floors into retail space, and the completion of the retail space is the responsibility of MEI. Neither MDFB nor SSGPPC are involved in the retail development.

At the end of the lease, MEI will deliver possession back to MDFB, unless MEI causes the building to be converted into two or more condominium units (one for the garage and one for the retail space) and exercises its option to purchase the retail space for $100,000. MEI must meet certain conditions in order to exercise this option.

MEI subleased the retail space to MXR for 75 years. MXR does not have an option to purchase or renew the lease. Rent under the sublease is approximately $8.8 million for which MXR provided MEI with the note receivable as an upfront payment of the amounts due under the lease. This note receivable bears interest at 1%, compounded annually through the maturity date, and is added to the balance of outstanding principal. The note, including any unpaid interest, is due and payable on the sooner of on demand or December 31, 2015. The note is secured by a Leasehold Deed of Trust, Security Agreement and Fixture Filing. The sublease does not directly impact MDFB.

(b) Office Lease Obligation

In October 2004, the Board entered into a lease with Hotel Governor of Jefferson City, LLP, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with a term of 10 years. The Board has capitalized related tenant improvements in the amount of $56,211. During fiscal years 2011 and 2010, rent of $58,431 and $56,729 was paid, respectively.

Future minimum lease payments for this lease are as follows:

2012	$ 60,184
2013	61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$ 202,102

(c) Copier Lease Obligation

In December 2010 and February 2010, the Board entered into a copier lease and a color copier lease, respectively, with Gibbs Technology Leasing, LLC. The leases are accounted for as operating leases. The term of each lease is four years.

Future minimum lease payments for these leases are as follows:

	Copier	Color Copier
2012	6,948	2,490
2013	6,948	2,490
2014	6,948	1,452
2015	4,053	-
Total minimum lease obligation	$ 24,897	$ 6,432

(d) KC Overhaul Base Lease

In December 2004, the Board accepted a contribution from the EDC Loan Corporation (EDC), a not-for-profit organization, consisting of an assignment of a 50-year leasehold interest in the Kansas City Overhaul Base located adjacent to the Kansas City International Airport (the Overhaul Base). This leasehold interest was originally held by the City of Kansas City (the City) and then was contributed to EDC, a related organization of the City, by the City.

EDC's contribution to the Board of the leasehold interest was valued by two independent appraisers at the lowest value of $32 million. In return, the Board issued a total of $16 million in contribution tax credits to EDC. These tax credits were sold by EDC at the direction of the Board to independent parties. The tax credits were sold by EDC as follows: $5,333,333 on March 3, 2005; $5,333,333, on July 2, 2005; and $5,333,334 on June 30, 2006. The Board paid the proceeds from the tax credit sales to the City to be used by the City for payment of a bond issued by the City for the renovation of the Overhaul Base.

In addition, the City and the Board entered into an assumption agreement as of December 31, 2004, with the City assuming all responsibility and liability relating to ownership, management and operations of the Overhaul Base. As a result of this assumption of the leasehold interest by the City, the Board has no assets or liabilities related to the leasehold interest recorded in its financial statements.

The renovation of the Overhaul Base was required by a private business as consideration to enter into a long-term lease to occupy the facility. Due to unforeseen circumstances, the original tenant arrangement did not reach its full potential and the City returned to the Board in March 2010 to request that $6.2 million in remaining proceeds from the sale of the tax credits be used to help outfit the base to allow the City to enter into a lease with a new tenant. The request was approved.

(e) State of Missouri Acting By and Through Its Office of Administration

In November 2005 and May 2006, the Board issued Series 2005 and 2006 Leasehold Revenue Bonds for the benefit of the State of Missouri Office Buildings Project. With the proceeds of the bonds, the Board purchased four office buildings, which it then leased on a net basis, to the State of Missouri through its Office of Administration (OA) for the term of the debt, 25 years, subject to annual state appropriation of lease payments needed to retire the fixed rate, level amortization bonds. The Board transferred its interests in the lease agreement and security interest in the buildings to the bond trustee through a trust indenture.

Bond payments are to be paid exclusively from rent revenues received. In addition, payment of the bonds is insured by a municipal bond new issue insurance policy. The bonds do not constitute a debt or liability of the Board.

Upon request, the State has the option to purchase the buildings. Furthermore, once bonds are paid in full, ownership defers to the lessee. The State retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

(f) MasterCard International Incorporated Facility Lease

In 1999, the Board issued bonds for $154 million to fund construction of approximately 414,000 square feet of office space and an 114,000 square foot data and energy center on 52 acres in O'Fallon. In order for MasterCard to qualify for tax abatement, the Board took title to the property which it leased to the O'Fallon Public Facilities Authority (Authority). The Authority used the proceeds of the bond issue to build and equip the MasterCard project, and then leased the building to MCI O'Fallon 1999 Trust (Trust), which further subleased to MasterCard. In 2008, MasterCard exercised its option to refund the bonds. The Board issued $160 million in conduit debt to facilitate the refunding. The refunding eliminated the Authority and the Trust and resulted in the Board leasing to MasterCard directly.

Bond payments and related interest are to be paid exclusively from rent and other revenues from the lease agreement. Such payments, revenues and receipts are pledged and assigned to the bond trustee as security for the payment of the bonds as provided in the Bond Indenture. The bonds do not constitute a debt or liability of the Board.

Upon request, MasterCard has the option to purchase the buildings. Furthermore, once bonds are paid in full, MasterCard can purchase the facility for $10. MasterCard retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

16. COMMITMENTS AND CONTINGENCIES

(a) Administrative Services Agreement

In April 2010, the Board entered into an Administrative Services Agreement with the SSGPPC (a component unit of the Board). Because SSGPPC does not have employees of its own, it has agreed to pay MDFB $30,000 annually to cover the costs associated with managing and maintaining adequate records on its behalf.

(b) City of Independence Line of Credit

In March 2009, the Board authorized a Direct Loan with the City of Independence (City) not to exceed $1.5 million in order to fund several small capital projects throughout the City. The loan was structured as a line of credit to allow the City to draw proceeds as project costs were incurred. The ability to draw additional funds expired June 30, 2010. The balance outstanding as of June 30, 2011 and 2010 was $48,590 and $105,318, respectively.

(c) Irrevocable Line of Credit

As of January 13, 2006, the Board issued an irrevocable line of credit in favor of the Missouri Department of Natural Resources (DNR) and the United States of America acting through the Chief, Base Realignment and Closure Division Office of the Assistant Chief of Staff for Installation Management Headquarters, Department of the Army (Army), a line of credit in an amount not to exceed $1.8 million, at the request and for the account of St. Louis Land Clearance for Redevelopment Authority (LCRA).

The line of credit expires January 13, 2012; however, the expiration date may be automatically extended for a period of one year on each successive expiration date, unless, 120 days before the current expiration date, the Board or the Army notifies DNR the decision has been made not to extend the line of credit beyond the current expiration date. The line of credit bears interest at prime rate and interest payments are due on the first business day of the month with the principal due on January 13, 2012.

As of fiscal year ended June 30, 2011 and 2010, there have been no draws on the line of credit and the outstanding balance is $0.

(d) Ninth Street Garage Letter of Credit

On October 1, 2004, in connection with the construction of the Ninth Street Garage, the Board established a letter of credit with Bank of America in the amount of $16,658,220. The purpose of the letter of credit is to reduce interest costs on the bonds and to induce the purchase of the bonds. Beginning October 6, 2007, the letter of credit automatically renews for four additional 1-year periods (each such 1-year period constituting a "Renewal Term," with the final such Renewal Term terminating October 5, 2011) unless the Board shall no later than 90 days before the then current Expiration Date provide written notice to the Credit Bank and the Trustee of its decision not to extend the letter of credit. Beginning October 6, 2011, the letter of credit automatically renews for additional renewal terms unless the Credit Bank or the Board shall no later than 90 days before the then current expiration date provide written notice to the other and to the trustee of its decision not to extend the letter of credit. The final Renewal Term shall terminate no later than October 5, 2034.

(e) St. Louis Convention Center Hotel Community Improvement District and Transportation Development District

In November 2009, the Board approved a resolution to participate in the St. Louis Convention Center Hotel Community Improvement District (CID) and the St. Louis Convention Center Hotel Transportation Development District (TDD). The CID and TDD will each levy a 1% sales tax. The additional sales tax are payable and held by the Board for the benefit of the Renaissance Grand Hotel and Suites, who will utilize the funds to help pay their parking lease obligation to MDFB for spaces in the St. Louis Convention Center Hotel Garage. Such payment will assist the parking garage's operations and maintenance. CID and TDD payments are being made directly into the Board's bank account. Payments in excess of parking rent due are held in the deferred revenue and recognized when earned (see Note 10).

(f) Conduit Bond Issues

As of June 30, 2011, the Board has issued $1,299,632,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,737,610,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2011, were approximately $682,577,770, $0, and $797,410,000, respectively.

As of June 30, 2010, the Board has issued $1,283,637,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,703,965,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2010, were approximately $715,420,378, $0, and $817,448,000, respectively.

The Board has no liability for repayment of the above revenue bonds and notes aside from reserve fund deposits; accordingly, these bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds and notes and in certain cases, insurance, letters of credit, annual appropriation pledges and certain funds held through trustees under the various indentures.

(g) Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Board carries commercial insurance for theft of assets and workers' compensation. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Convention Center Hotel and Ninth Street parking garages. The Board is self-insured for all other risks of loss.

The Seventh Street Garage Public Parking Corporation carries commercial property, comprehensive liability, and business interruption insurance policies on the Seventh Street Garage.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. No substantive changes were made in the type and amounts of the Board's insurance coverage during 2011 and 2010.

(h) DREAM Commitments

In August 2006, the Board, the Department of Economic Development (DED) and the Missouri Housing Development Commission (MHDC) initiated the DREAM program. Through June 30, 2011, 35 communities have been selected to receive technical assistance and services to support them in their downtown redevelopment efforts. The Board has contracted with Peckham Guyton Albers & Viets, Inc. to assist in the redevelopment process of the selected communities. Each community is to receive technical assistance over the course of three years. Costs of services over the next three fiscal years are estimated at $3.1 million. During the fiscal years ended June 30, 2011 and 2010, the Board spent approximately $1.3 million and $1.7 million, respectively, towards the program. In fiscal years 2011 and 2010, MHDC contributed $500,000 and $500,000, respectively.

(i) Small Business Loan Program

In January 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 (E.O.) shortly after assuming office. This E.O. directed the DED to work with the Board "to create a pool of funds designated for low-interest and no-interest direct loans for small businesses." Related announcements from Governor Nixon recommended this pool of funds be capitalized by a $2 million grant from the Board. In April 2009, the Board approved funding the $2 million program. As of June 30, 2011 the Board has loaned $1,006,895 to 44 small businesses across the State of Missouri. The Board continues to work with DED to loan the remaining funds. The Small Business Loan Program is reflected in the Revolving Loan Fund (RLF). Also see Note 4.

(j) Construction Commitment

In April 2010, MDFB and its component unit SSGPPC entered into a Turn-Key Development Agreement with MXG to redevelop a portion of the St. Louis Centre Building on floors two through four into an approximately 750-space parking garage. The "Guaranteed Maximum Price" contract of the work to be completed was originally $22,499,586. The original amount was later reduced by $429,000 due to an approved change order in fiscal year 2010. In fiscal year 2011, due to an additional change order, the amount was increased $58,232 for a new total contract amount of $22,128,818. The garage began parking operations in February 2011. As of June 30, 2011 a total of $20,258,930 has been disbursed to the developer to fund construction costs. Related accounts payable as of June 30, 2011 is $1,869,888.

(k) Indemnity Agreement

In connection with the Seventh Street Garage Project, MDFB and SSGPPC entered into a project indemnity agreement with the LCRA and MXG. As part of the agreement, MDFB paid LCRA $417,785 and LCRA agreed to pay all New Markets Tax Credit consulting fees and expenses. Additionally, LCRA agreed to cover excess costs in the event of changes in New Markets Tax Credit compliance or as a result of recapture. Finally, LCRA also agreed to cover unforeseen costs associated with fees, taxes, permits, litigation or costs to unwind the New Markets Tax Credit financing plan.

17. EMPLOYEES' RETIREMENT PLAN

(a) Defined Contribution Pension Plan

In 1993, the Board established a defined contribution pension plan, called the MDFB Simplified Employee Plan (SEP) IRA, which is currently administered by Prudential Investments. The Board has the authority to amend or terminate the plan's provisions at any time. Contributions are discretionary and determined on an annual basis by the Board. There are no contribution requirements for employees.

Employees are eligible to participate in the plan on January 1 after service to the Board in at least three of five consecutive calendar years. Eligible employees are fully vested at the time of contribution. The Board contributed $71,647 and $62,981 for the years ended June 30, 2011 and 2010, respectively. For the years ended June 30, 2011 and 2010, the contributions amounted to 13.81% and 12.75% of the eligible employees' salaries, respectively.

(b) Deferred Compensation Plan

In 2002, the Board established a deferred compensation plan called the Missouri Development Finance Board 457 Deferred Compensation Plan (457 plan) and the deferred compensation match plan called the MDFB 401(a) Deferred Compensation Match Plan (401(a) plan), which are currently administered by Nationwide Retirement Solutions, Inc.

The plans permit employees to defer a portion of their salary until future years. Employees are eligible to participate in the plans after one year of service to the Board and must contribute $35 per month to receive the employer matching contribution of $35 per month. Compensation deferred under the plan is invested at the direction of the covered employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

18. SUBSEQUENT EVENTS

At the July 19, 2011 Board meeting, the Board approved a settlement offer of $23,000 from the City of Hayti Heights for the outstanding balances of two Hayti Heights MIDOC loans. The principal balance of these two loans total $86,323 and is fully offset by an Allowance for Loan Losses recorded at June 30, 2011 on these loans.

Effective September 1, 2011, all employees are eligible for benefits under the Missouri State Employees' Retirement System (MOSERS). The Defined Contribution Pension and Deferred Compensation plans discussed in Note 17 above will be terminated concurrently.

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STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health. The Board is a discretely presented component unit of the State of Missouri as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. Based on GASB 14, some of the accompanying statistical section segments will include references to the State of Missouri. Such segments will be noted as such. All other information is to be deemed as attributable to the Board, and does not reflect the financial position and results of operations of the State.

Financial Trends - *These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.*

Net Assets by Component 52
Expenses by Function 53
Expenses by Identifiable Activity 54

Revenue Capacity - *These schedules contain information to help the reader assess the factors affecting the Board's ability to generate its own source income.*

Revenues by Source 55
Other Changes in Net Assets 56

Debt Capacity - *These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.*

Pledged Revenue Coverage by Net Revenue Available 57
Pledged Revenue Coverage by Parking Capacity 58

Demographic and Economic Information - *These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place. Due to the fact that the Board was established to serve the State of Missouri, and is a component unit as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, demographic and economic information for the State of Missouri will be presented in this section.*

Employment Statistics 59
Personal Income 60
Population Statistics 61
Privately Owned Housing Units Authorized by Building Permits 62
Major Employers 63
Industrial Growth 64

Operating Information - *These schedules contain information about the Board's operations and resources to help the reader understand how the Boards' financial information relates to the services the Board provides and the activities it performs.*

Employee Statistics 65
Projects Approved 66
Capital Assets 67

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF NET ASSETS BY COMPONENT
FISCAL YEARS 2003 to 2011

	2011		2010		2009		2008		2007		2006		2005		2004		2003	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Investment in capital assets, net of related debt	$ 16,966,799	20.20%	$ 17,921,381	20.43%	$ 20,069,761	26.78%	$ 20,321,656	29.36%	$ 30,561,762	40.18%	$ 19,317,590	27.07%	$ 9,493,788	13.66%	$ 20,034,676	34.89%	$ 7,018,010	13.99%
Restricted	24,971,973	29.73%	24,471,184	27.90%	7,410,706	9.89%	8,428,168	12.18%	9,374,562	12.33%	21,839,950	30.61%	37,282,046	53.65%	10,177,542	17.72%	13,727,572	27.38%
Unrestricted	42,054,741	50.07%	45,310,325	51.66%	47,452,756	63.33%	40,458,398	58.46%	36,118,289	47.49%	30,192,521	42.32%	22,712,166	32.69%	27,213,782	47.39%	29,405,378	58.63%
	$ 83,993,513	**100.00%**	**$ 87,702,890**	**100.00%**	**$ 74,933,223**	**100.00%**	**$ 69,208,222**	**100.00%**	**$ 76,054,613**	**100.00%**	**$ 71,350,061**	**100.00%**	**$ 69,488,000**	**100.00%**	**$ 57,426,000**	**100.00%**	**$ 50,150,960**	**100.00%**

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

Fiscal Years 2003-2010 amounts have been restated.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY FUNCTION
FISCAL YEARS 2003 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating expenses									
Personnel	$ 863,310	$ 809,289	$ 786,596	$ 658,415	$ 697,353	$ 623,541	$ 603,068	$ 534,550	$ 497,701
Professional fees	286,238	183,485	490,168	155,086	161,182	56,754	544,589	102,686	217,156
Travel	47,448	59,337	67,536	70,355	58,646	59,265	70,375	35,881	68,610
Supplies and other	118,594	116,152	113,348	109,176	144,828	110,242	222,613	125,957	66,837
Depreciation and amortization	1,219,170	1,233,081	1,279,643	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Parking garage operating expense	1,013,434	1,020,824	1,032,951	1,348,926	1,115,373	883,789	813,265	568,394	334,825
DREAM expense	1,272,301	1,663,518	1,856,262	1,501,079	495,312	-	-	-	-
Bad debt and miscellaneous	144,091 [1]	67,622 [2]	153,211 [3]	126,076 [4]	205,122 [5]	3,527,826 [6]	9,492,203 [7]	21,094	29,934
Total operating expenses	**4,964,586**	**5,153,308**	**5,779,715**	**5,461,322**	**3,902,347**	**6,004,789**	**12,429,129**	**1,933,269**	**1,709,660**
Non-operating expenses									
Interest and bond expense	837,853	510,815	878,092	1,442,893	936,157	733,823	550,946	459,897	342,231
Research and development expense	-	35,350	-	-	-	-	-	-	-
Contributions to others	5,000,000	-	1,600,000	10,713,892	-	-	-	-	-
Total non-operating expenses	**5,837,853**	**546,165**	**2,478,092**	**12,156,785**	**936,157**	**733,823**	**550,946**	**459,897**	**342,231**
Total expenses	**$ 10,802,439**	**$ 5,699,473**	**$ 8,257,807**	**$ 17,618,107**	**$ 4,838,504**	**$ 6,738,612**	**$ 12,980,075**	**$ 2,393,166**	**$ 2,051,891**

[1] Includes bad debt expense of $111,013
[2] Includes bad debt expense of $0
[3] Includes bad debt expense of $80,001
[4] Includes bad debt expense of $105,929
[5] Includes bad debt expense of $138,806
[6] Includes bad debt expense of $3,498,074
[7] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY
FISCAL YEARS 2003 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating expenses									
Program administration	$ 2,587,891	$ 2,831,781	$ 3,313,910	$ 2,494,111	$ 1,557,321	$ 879,554	$ 1,440,645	$ 799,074	$ 850,304
Parking garage operating expense	1,013,434	1,020,824	1,032,951	1,348,926	1,115,373	883,789	813,265	568,394	334,825
Depreciation and amortization	1,219,170	1,233,081	1,279,643	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Bad debt and miscellaneous	[1] 144,091	[2] 67,622	[3] 153,211	[4] 126,076	[5] 205,122	[6] 3,498,074	[7] 9,492,203	21,094	29,934
Total operating expenses	**4,964,586**	**5,153,308**	**5,779,715**	**5,461,322**	**3,902,347**	**6,004,789**	**12,429,129**	**1,933,269**	**1,709,660**
Non-operating expenses									
Interest and bond expense	837,853	510,815	878,092	1,442,893	936,157	733,823	550,946	459,897	342,231
Research and development expense	-	35,350	-	-	-	-	-	-	-
Contributions to others	5,000,000	-	1,600,000	10,713,892	-	-	-	-	-
Total non-operating expenses	**5,837,853**	**546,165**	**2,478,092**	**12,156,785**	**936,157**	**733,823**	**550,946**	**459,897**	**342,231**
Total expenses	**$ 10,802,439**	**$ 5,699,473**	**$ 8,257,807**	**$ 17,618,107**	**$ 4,838,504**	**$ 6,738,612**	**$ 12,980,075**	**$ 2,393,166**	**$ 2,051,891**

[1] Includes bad debt expense of $111,013
[2] Includes bad debt expense of $0
[3] Includes bad debt expense of $80,001
[4] Includes bad debt expense of $105,929
[5] Includes bad debt expense of $138,806
[6] Includes bad debt expense of $3,498,074
[7] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF REVENUES BY SOURCE
FISCAL YEARS 2003 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenues									
Participation fees - Loan Guarantee	$ -	$ -	$ -	$ -	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	47,500	115,000	158,160	137,750	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	75,000	112,122	352,308	161,876	186,695	191,833	215,113	278,325	98,232
Participation fees - Notes Receivable	-	5,000	2,162	-	5,000	-	-	36,633	-
Participation fees - Tax Credits	1,227,639	2,787,360	1,498,369	2,443,355	1,912,449	321,987	420,563	725,680	83,529
Participation fees - BUILD Missouri	670,288	855,547	464,964	307,438	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	-	-	-	-	2,500	-	-	-
Participation fees - MODESA	-	-	-	25,000	-	-	25,000	-	-
Interest income on loans and notes receivable	932,215	289,535	160,837	316,786	432,415	325,338	232,851	223,954	826,956
Rental income	202,029	169,795	25,008	25,008	25,008	25,008	25,057	25,008	25,008
Contractual income	70,000	69,782	77,210	75,990	68,757	61,342	60,648	56,934	56,684
DREAM revenues	826,170	924,639	873,330	809,894	-	-	-	-	-
Administrative services agreement	30,000	30,000	-	-	-	-	-	-	-
Parking garage revenues	2,579,817	2,599,226	3,080,901	3,623,164	2,743,209	2,259,686	1,815,481	1,573,553	730,097
Capital grants and contributions	-	-	-	-	225,000	-	-	-	-
Other income	209,999	204,503	43,362	311,728	373,565	119,272	54,010	14,552	1,187
Total operating revenues	**6,870,657**	**8,162,509**	**6,736,611**	**8,237,989**	**6,470,971**	**3,871,505**	**3,286,400**	**3,267,660**	**2,414,241**
Adjustment to allowance for notes receivable	-	-	6,114,405	-	-	-	-	-	-
Non-operating revenues									
Interest on cash and investments	210,568	306,631	1,131,792	2,533,726	3,072,083	2,129,169	1,241,632	576,685	598,341
Total revenues	**$ 7,081,225**	**$ 8,469,140**	**$ 13,982,808**	**$ 10,771,715**	**$ 9,543,054**	**$ 6,000,674**	**$ 4,528,032**	**$ 3,844,345**	**$ 3,012,582**

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF OTHER CHANGES IN NET ASSETS
FISCAL YEARS 2003 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Income (loss) before other changes in net assets	(3,709,377)	$ 2,769,667	$ 5,725,001	$ (6,846,391)	$ 4,479,551	$ (737,939)	$ (8,452,142)	$ 1,451,179	$ 960,691
Contributed revenue	-	10,000,000	-	-	225,000	2,600,000	20,514,142	5,799,361	10,000,639
Gain on sale of asset	-	-	-	-	-	-	-	24,500	-
Total change in net assets	**$ (3,709,377)**	**$ 12,769,667**	**$ 5,725,001**	**$ (6,846,391)**	**$ 4,704,551**	**$ 1,862,061**	**$ 12,062,000**	**$ 7,275,040**	**$ 10,961,330**

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE BY NET REVENUE AVAILABLE
FISCAL YEARS 2003 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total operating and non-operating revenues	$ 7,081,225	$ 8,469,140	$ 13,982,808	$ 10,771,715	$ 9,543,054	$ 6,000,674	$ 4,528,032	$ 3,844,341	$ 3,012,582
Total operating and non-operating expenses	10,802,439	5,699,473	8,257,807	17,618,107	4,838,504	6,738,612	12,980,075	2,393,166	2,051,891
Net revenue available	**(3,721,214)**	**2,769,667**	**5,725,001**	**(6,846,392)**	**4,704,550**	**(737,938)**	**(8,452,043)**	**1,451,175**	**960,691**
Debt service									
Principal	255,000	245,000	1,000,000	-	-	2,750,000	-	3,000,000	5,000,000
Interest [1]	480,799	157,074	517,121	1,075,534	711,903	551,858	350,978	210,760	342,231
Bond expenses	357,054	353,741	360,971	367,358	224,254	181,965	199,968	249,137	u/k
Total debt service	**$ 1,092,853**	**$ 755,815**	**$ 1,878,092**	**$ 1,442,892**	**$ 936,157**	**$ 3,483,823**	**$ 550,946**	**$ 3,459,897**	**$ 5,342,231**
Debt service coverage	(3.41)	3.66	3.05	(4.74)	5.03	(0.21)	(15.34)	0.42	0.18

[1] Interest does not include capitalized interest paid from bond proceeds.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE BY PARKING CAPACITY
FISCAL YEARS 2003 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Garages									
Total number of operational garages [1]	2	2	2	2	3	2	2	2	1
Parking capacity per year [2]	704,450	704,450	704,450	704,450	887,315	504,065	504,065	504,065	317,550
Total Infrastructure Development Revenue Bonds Outstanding	$ 39,350,000	$ 39,605,000	$ 30,850,000	$ 31,850,000	$ 31,850,000	$ 34,600,000	$ 18,100,000	$ 18,100,000	$ 21,100,000
Debt service									
Principal	$ 255,000	$ 245,000	$ 1,000,000	$ -	$ -	$ 2,750,000	$ -	$ 3,000,000	$ 5,000,000
Interest [3]	480,799	157,074	517,121	1,075,534	711,903	551,858	350,978	210,760	342,231
Bond expense	357,054	353,741	360,971	367,358	224,254	181,965	199,968	249,137	u/k
Total debt service	**$ 1,092,853**	**$ 755,815**	**$ 1,878,092**	**$ 1,442,892**	**$ 936,157**	**$ 3,483,823**	**$ 550,946**	**$ 3,459,897**	**$ 5,342,231**
Daily required revenue per space to cover annual debt service	1.55	1.07	2.67	2.05	1.06	6.91	1.09	6.86	16.82

[1] KCLG sold May 31, 2008.
[2] Calculated as total number of spaces x 365 days
[3] Interest does not include capitalized interest paid from bond proceeds

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Employment
(In Thousands Except Unemployment Rates Data)

Calendar Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2010	3,014	2,726	289	9.6	9.6
2009	3,037	2,754	283	9.3	9.3
2008	3,047	2,861	186	6.1	5.8
2007	3,050	2,896	155	5.1	4.6
2006	3,034	2,888	147	4.8	4.6
2005	3,011	2,850	162	5.4	5.1
2004	2,988	2,816	172	5.8	5.5
2003	2,979	2,814	166	5.6	6.0
2002	2,986	2,830	156	5.2	5.8
2001	3,003	2,868	135	4.5	4.7
2000	2,973	2,875	98	3.3	4.0
1999	2,911	2,820	91	3.1	4.2
1998	2,911	2,795	116	4.0	4.5
1997	2,904	2,780	124	4.3	4.9
1996	2,869	2,735	135	4.7	5.4
1995	2,822	2,690	132	4.7	5.6
1994	2,759	2,622	136	4.9	6.1
1993	2,706	2,540	166	6.1	6.9

Data Source: Missouri Economic Research and Information Center,
U.S. Department of Labor - Bureau of Labor Statistics

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Personal Income

Calendar Year	Missouri Total Personal Income (in Millions)	U.S. Total Personal Income (in Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change from Prior Year	U.S. % Change from Prior Year
2010	$ 221,464	$ 12,530,101	$ 36,979	$ 40,584	2.9	2.4
2009	215,181	12,165,474	35,938	39,626	-2.3	-2.6
2008	218,993	12,379,745	36,766	40,673	4.4	3.1
2007	208,201	11,899,853	35,230	39,458	3.9	4.7
2006	198,727	11,256,516	33,903	37,698	5.4	6.4
2005	186,753	10,476,669	32,162	35,424	2.6	4.6
2004	180,547	9,928,790	31,353	33,881	3.9	5.0
2003	172,529	9,369,072	30,190	32,271	3.2	2.6
2002	166,195	9,054,702	29,255	31,461	2.2	1.0
2001	161,545	8,878,830	28,622	31,145	2.6	2.7
2000	156,359	8,554,866	27,891	30,318	6.4	7.0
1999	145,826	7,906,131	26,218	28,333	3.1	3.9
1998	140,360	7,519,327	25,419	27,258	5.5	6.3
1997	132,117	6,994,388	24,104	25,654	5.3	5.0
1996	124,385	6,584,404	22,901	24,442	4.9	5.1
1995	117,418	6,194,245	21,832	23,262	3.8	4.3
1994	112,001	5,866,796	21,035	22,297	5.4	4.3
1993	105,164	5,558,374	19,951	21,385	n/a	n/a

Data Source: Missouri Economic Research and Information Center,
U.S. Department of Commerce - Bureau of Economic Analysis

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Population Statistics

Census Year	Population (in Thousands)	% Change	% of Total	
			Urban	Rural
2010	5,989	7.0	*	*
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Source: U.S. Department of Commerce - Bureau of the Consensus

*Information unavailable as of report date.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Privately Owned Housing Units Authorized by Building Permits

Calendar Year	Number of Units	Valuation (in Thousands)
2010	9,699	1,430,224
2009	10,056	1,433,735
2008	13,273	1,889,739
2007	21,525	3,128,424
2006	29,172	4,086,728
2005	33,114	4,702,016
2004	32,791	4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

Data Source: Missouri Economic Research and Information Center,
U.S. Department of Commerce - Census Bureau

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
MAJOR EMPLOYERS 2010 AND 2001

2010

	Employer	Number of Employees	Percent of Total State Employment
1.	Wal-Mart Asscociates, Inc.	25,000+	1.6%
2.	University of Missouri	20,000 - 25,000	0.9%
3.	U.S. Post Office	17,500 - 20,000	0.6%
4.	Washington University	10,000 - 15,000	0.6%
5.	Boeing Company	10,000 - 15,000	0.6%
6.	Barnes-Jewish Hospital	7,500 - 10,000	0.4%
7.	US Department of Defense	7,500 - 10,000	0.3%
8.	Schnuck Markets, Inc.	7,500 - 10,000	0.3%
9.	Missouri Department of Corrections	7,500 - 10,000	0.3%
10.	U.S. Department of Veterans Affairs	7,500 - 10,000	0.3%
Totals		**120,000 - 150,000**	**5.9%**

2001

	Employer	Number of Employees	Percent of Total State Employment
1.	Wal-Mart Associates, Inc.	25,000 +	1.2%
2.	University of Missouri	20,000 - 25,000	0.8%
3.	U.S. Post Office	20,000 - 25,000	0.8%
4.	Boeing Company	10,000 - 15,000	0.5%
5.	Washington University	10,000 - 15,000	0.4%
6.	TWA Airlines LLC	10,000 - 15,000	0.4%
7.	Schnuck Markets, Inc.	10,000 - 15,000	0.4%
8.	US Department of Defense	7,500 - 10,000	0.3%
9.	Barnes-Jewish Hospital	7,500 - 10,000	0.3%
10.	City of St. Louis	7,500 - 10,000	0.3%
Totals		**127,500 - 165,000**	**5.4%**

Data Source: Missouri Economic Research and Information Center,
U.S. Department of Labor - Bureau of Labor Statistics

MISSOURI DEVELOPMENT FINANCE BOARD (STATE OF MISSOURI) ECONOMIC DATA				
Industrial Growth				
Fiscal Year	**Expanding Companies**	**New Companies**	**New Jobs**	**Investment (in Thousands)**
2010	*	*	*	*
2009	*	*	*	*
2008	*	*	*	*
2007	*	*	*	*
2006	*	*	*	*
2005	49	26	7,983	$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919

Data Source: Missouri Department of Economic Development

*Information unavailable as of report date.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EMPLOYEE STATISTICS
FISCAL YEARS 2003 to 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Staff									
Full-time	4	5	5	5	4	4	3.5	3.5	4
Accounting Staff									
Full-time	3	3	2	2	2	2	2.5	2.5	2
Support Staff									
Full-time	2	2	2	2	2	2	2	2	2
Total Staff	**9**	**10**	**9**	**9**	**8**	**8**	**8**	**8**	**8**

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF PROJECTS APPROVED
FISCAL YEARS 2003 to 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Loan Guarantees	-	-	-	-	-	-	1	-	-
Bonds									
Private	4	2	3	7	5	1	2	2	1
Public	2	3	9	6	8	5	13	9	3
MIDOC	1	1	2	1	3	2	1	-	5
Tax Credits	2	3	9	12	6	6	6	4	2
BUILD	6	6	4	3	1	3	4	1	2
MODESA	-	-	-	-	-	-	-	1	-
DREAM	-	5	10	10	10	-	-	-	-
Small Business Loans	6	48	-	-	-	-	-	-	-
Totals	**21**	**68**	**37**	**39**	**33**	**17**	**27**	**17**	**13**

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD SCHEDULE OF CAPITAL ASSETS FISCAL YEARS 2003 to 2011									
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Office Buildings	-	-	1	1	1	1	1	1	1
Garages [1]	2	2	2	2	3	2	2	2	1
Parking capacity	1,930	1,930	1,930	1,930	2,431	1,381	1,381	1,381	870

[1] KCLG sold May 31, 2008. Fiscal year 2008 had 3 garages for 11 months out of the year.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
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Report Prepared by:

Krystal Davis, CPA — Controller
Dawn Holt, CPA — Senior Accountant

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Missouri Economic Research and Information Center



MDFB

200 Madison Street, Suite 1000 ♦ P.O. Box 567 ♦ Jefferson City, MO 65102
Phone: 573.751.8479 ♦ Fax: 573.526.4418 ♦ Web site: www.mdfb.org